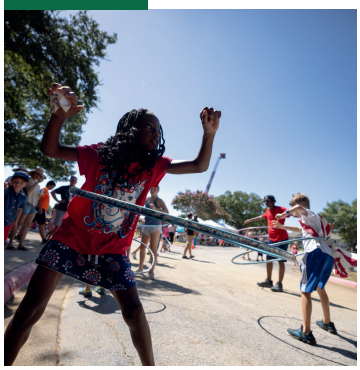
Town of Flower Mound

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year ended
September 30, 2025



Town of Flower Mound, Texas

Annual Comprehensive Financial Report

For the fiscal year ended September 30, 2025

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James Childers

Chief Financial Officer
John Zagurski

Prepared By:

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THE TOWN OF
FLOWER MOUND
TEXAS

TOWN OF FLOWER MOUND, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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THE TOWN OF
FLOWER MOUND
TEXAS

March 11, 2026

To the Honorable Mayor, Members of the Town Council, and Residents of the Town of Flower Mound, Texas:

With great pleasure, we present a copy of the Annual Comprehensive Financial Report (ACFR) of the Town of Flower Mound for the fiscal year ended September 30, 2025. Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of the operation of the various funds of the Town. All disclosures necessary to enable the reader to understand the Town's financial activities have been included.

Article III, Section 3.13 of the Town Charter requires that an annual independent audit be performed "of the books and accounts of each department of the Town." The Town has complied with this requirement, and the opinion of the auditing firm Forvis Mazars, LLP, is included in this report.

Management's discussion and analysis (MD&A) follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

About the Town of Flower Mound

The Town of Flower Mound, incorporated in 1961, is located primarily in southern Denton County, approximately 28 miles northwest of downtown Dallas, 25 miles northeast of Fort Worth, 12 miles south of Denton, and three miles north of Dallas Fort Worth International Airport (DFW Airport). A small area located at its southern boundary also falls in Tarrant County. The Town's corporate boundary encompasses approximately 46 square miles and serves a population of 82,344. Flower Mound is a master-planned community emphasizing SMARTGrowth development, intended to preserve community character.

The majority of Flower Mound is served by the Lewisville Independent School District (LISD), with the Argyle, Denton, Grapevine-Colleyville, and Northwest Independent School Districts also providing educational services for smaller areas of the Town. LISD encompasses over 127 square miles and serves over 50,000 students in 13 North Texas communities. There are 20 LISD schools in Flower Mound: two high schools, two 9th grade campuses, five middle schools, and 11 elementary schools. Most of these campuses are rated 'Exemplary' or 'Recognized' by the State of Texas.

The Town of Flower Mound Home Rule Charter was adopted on November 3, 1981, by a vote of the residents. The Town operates under a council-manager form of government. As authorized

by its Charter, it provides a full range of services, including Police Services, Fire and Emergency Services, Development Services, Parks and Recreation Services, Library Services, Environmental Services, Administrative Services, Legislative Services, Financial Services, and Public Works.

The Town Charter requires that the Town Manager submit a proposed budget to the Town Council by August 1 each year for the fiscal year beginning October 1. Before August 1, the Town Manager and Town department heads prepare expenditure estimates for the remainder of the current year and the upcoming fiscal year. These totals are compared to estimates of revenue for the same referenced period. Adjustments are made to expenditure estimates, as necessary, to ensure that the proposed budget balances total expected revenues. A new budget must be adopted by September 30, or the amounts appropriated for the current fiscal year will be adopted for the ensuing year on a month-to-month basis until a final budget is formally adopted. Following the adoption of a budget, the Town Manager and Town department heads monitor expenditures and revenues throughout the fiscal year to ensure that the integrity of the budget will be maintained. Monthly revenue and expenditure reports are produced by the Town's automated budgetary accounting system and reflect monthly and year-to-date totals for each source of revenue and expenditure.

Local Economy

More than 2,000 businesses call Flower Mound home and provide a balanced mix of retailers, restaurants, offices, and manufacturing/distribution facilities. Flower Mound’s unemployment rate as of September 2025 was 2.7 percent, compared to 4.1 percent for Texas and 4.3 percent nationally for the same month. Economic conditions in Flower Mound have been greatly influenced by its proximity to two major airports: DFW Airport, located three miles south of the Town, and Alliance Airport, located five miles to the southwest. DFW Airport serves an average of 200,000 customers per day and produces over $38 billion in economic impact across north Texas annually, with over 600,000 direct and indirect full-time jobs.

With an average household income of $199,302 and an average housing value of $616,450, the more than 80,000 residents of Flower Mound make it a perfect location for retail growth. Currently there are over 400 retailers and restaurants that call Flower Mound home.

In 2025, 90 certificates of occupancy were issued. Notable permits throughout the year included 3111 Sunset, Los Caminos Restaurant, Supreme Boil, Paris Baguette, Triumph Sporting Arms, Branded Bowls Lakeside, and Mountain Movers Transportation and Logistics.

Transportation

Flower Mound has two major arterials: FM 1171 (Cross Timbers Road) and FM 2499 (Long Prairie Road). FM 1171 runs east to west through Flower Mound, connecting Interstate 35E to Interstate 35W. I-35 is a NAFTA-recognized highway that routes transportation and freight between Mexico and Canada through the U.S. The major north-south thoroughfare in the Town is FM 2499. Both roadways provide quick access to several major highways, providing excellent transportation access to the Dallas-Fort Worth Metroplex.

The Texas Department of Transportation (TxDOT) started work in 2018 on the next phase of the DFW Connector Project, which includes direct connections between FM 2499 and Interstate 635, State Highway 114 and State Highway 121, and a new I-635 interchange. The new I-635/SH 121 interchange is a part of the Texas Clear Lanes Initiative provided by Governor Abbott and the

Texas Legislature to reduce gridlock in some of the state's most congested areas. This project completion has significantly decreased traffic congestion in this area. State Highway 1171 will be extended west over the next few years with a new overpass at I-35W. The state will also begin designing and working on access roads from SH 1171 to SH 407, opening large acreage tracks for development along the I-35W corridor. To the east of I-35W, the state will begin the process to widening US 377 between FM 1171 and the Town of Argyle. The state has obtained right-of-way and is currently working on utility relocation.

Medical-Related Development

Flower Mound has benefitted from a healthy and steady medical and healthcare sector that offers many widely needed services to the town and Denton County. Texas Health Presbyterian Hospital Flower Mound (THR-FM) opened in 2010 in the central mixed-use development River Walk at Central Park. In December 2015, the hospital completed the construction of a 19,000-square-foot expansion, which included four new operating rooms and 28 prep and recovery beds. A 3,275-square-foot Women's Imaging Center expansion opened in November 2014, which provides some of the most technologically advanced 3D breast cancer screening options available in North Texas and is a major driver of women's healthcare technology within the State. In 2025, U.S. New & World Report named it Best Hospitals in Dallas-Fort Worth. In 2019, additional surgical observation training rooms were constructed, and a 150-space parking lot was completed. Most recently, a 14,250-square-foot interior expansion to the observation unit occurred to increase the Emergency Department waiting room size. Additional renovations have been done to the kitchen and dining rooms, which allow the award-winning employer to continue to provide outstanding care to the community. In addition to the facility's structure, THR-FM is also home to four Da Vinci Robotic Surgical Systems. These systems make THR-FM one of the top hospitals in the region for required surgeries.

In 2020, **ClearSky Rehabilitation Hospital of Flower Mound** opened an inpatient rehabilitation hospital in the 56,345-square-foot building at 3100 Peters Colony Rd. Their opening created approximately 100 new, local healthcare-related jobs. The hospital provides post-acute rehabilitative care to individuals with disabling illnesses or injuries. Furthermore, the hospital comprises 29 private inpatient beds, a specially equipped gym, and a heated aquatic swimming pool. Specialized patient programs include stroke, neurological, and orthopedic rehabilitation, in addition to long-term recovery following critical care and chronic illness management, such as Parkinson's disease and multiple sclerosis. In 2024, ClearSky Rehabilitation Hospital of Flower Mound was recognized among the top 10% of 886 inpatient rehabilitation facilities in the United States from Netsmart Technologies, INC., the administrator and steward of the nation's largest database for rehabilitation outcomes.

Southern Flower Mound Developments

Great care was taken to develop the southeastern portion of Flower Mound into a thriving commercial business district, taking advantage of the three-mile proximity to DFW Airport and significant infrastructure. The Town of Flower Mound invested $25 million in public improvements in the Lakeside Business District, including water and sewer extensions and new road construction. The “District” ended 2025 with an occupancy rate of approximately 91.6%, consistent with quarters past.

The Lakeside Business District has 10 business centers within its boundaries: Cornerstone, Corporate Ridge, Flower Mound Business Park, Lakeside Commerce Center, Lakeside DFW, Lakeside International, Lakeside Ranch Business Park, Lakeside Trade Center, Parkview Commerce Center, and Southgate at Flower Mound. Several notable developers, including Crow Holdings, Prologis Realty, EastGroup Properties, Exeter Property Group, Hillwood, Huntington Industrial, and others, have already invested in Flower Mound.

More than 100 businesses currently operate in the district, and the past year has seen some significant developments and new additions worth note, including:

Communications Test Design Inc. (CTDI), a telecom industry firm, continues to be the Town’s largest employer. The company provides engineering, repair, and logistics services for the communications industry.

CTDI has been a longtime corporate resident of Flower Mound, with many employees living in and around the Town. CTDI keeps choosing Flower Mound to benefit from a well-maintained business park and central location. This allows the company to draw employees from a large area and easily access DFW Airport, as it often brings in its various clients. The largest private employer in Flower Mound, CTDI, has grown from 600 employees to over 1,000.

The **Lakeside International Office Center** development contains two office buildings: a four-story, 120,000-square-foot building and a two-story, 18,500-square-foot building. Both buildings are served by surface and structured parking. The site includes a trail system that connects patrons to the nearby Shops at Lakeside. Corporate leases within the Lakeside International Office Center include OrthoLazer, Mitsubishi HC Capital, Home Franchise Concepts, Texas Bank and Trust, Montare Resources, Genesee & Wyoming Railroad Services, INC., SolutionWorks, and CD Consultants Construction.

The **Lakeside Crossing** development came online in 2021, with tenants such as Outlaw FitCamp by Jesse James, Honeybird Sandwiches and Donuts, The UPS Store, Texas Health Family Care, and Smoothie King. In 2022, the Town granted approval for a fine-dining cocktail restaurant named Tycoon, which opened in the spring of 2023. The Town Council approved rezoning to pave the way for Cachet Salons and Spa and Marty B's Coffee Shop. These two entities will significantly add to the mixed-use development and the overall area.

Lakeside Village is in the final phase of its 160-acre, $2 billion mixed-use project that includes over 40 shops and restaurants, offices, entertainment, public amenities, and approximately 2,500 residences. The final phase offers single-family Mediterranean-style villas starting at $2 million, high-rise residences, hotels, a private social club, shops, offices, a wedding chapel, and lakefront restaurants, all within a walkable, resort-style community adjacent to the shore of Lake Grapevine in the heart of Dallas-Fort Worth and a five-minute drive from DFW Airport.

Realty Capital has a number of projects currently under construction in Lakeside Village. Lakeside Tower, a 16-story condominium tower was completed in 2021 and is sold out. Fifty-five single-family villas are currently being built by Van Trease Architectural Designs and Realty Capital Residential recently completed construction on 3111 Sunset, a 16-story, 207-unit Class AA multi-family residential tower that opened in January 2025. In addition, Realty Capital and Swinerton Partners recently finished a two-level underground parking garage that will provide parking for the six lakefront restaurants and will soon start on an Autograph Collection Hotel and a Class A office Building.

As a future Autograph Collection Hotel, the Miramar Hotel joins the brand's growing global portfolio of over 300 independent properties, with each inspired by its own unique perspective on vision, design and hospitality. The Autograph Collection Hotel will be 12 stories, with 181 guest rooms and suites featuring balconies with beautiful lake views. Amenities include a rooftop pool and terrace, spa, private yacht for guest excursions, full-service restaurant and bar, ballrooms, fitness center, a lakefront wedding chapel, an outdoor music amphitheater, and several lakefront restaurants. The hotel will have 21 branded condominium residences on

the top three floors, all offering incredible views of Lake Grapevine.

Realty Capital is partnering with Coury Hospitality, who will manage the hotel. An award-winning hospitality group, Coury Hospitality is the largest operator of Autograph Collection Hotels in the U.S., with six properties of the brand in its portfolio. They operate in 10 markets worldwide and manage 1,726 guest rooms and 150,000 square feet of event space.

3301 Sunset Boulevard, a 155,000-square-foot, six-story Class AA office building; Eden Roc, a private social club located on the second floor of the office building; and two levels of underground parking are slated to start construction in 2026.

Western Flower Mound Developments

In addition to the southern end of Town, Flower Mound is continuing to invest on the west side, particularly the Denton Creek District. The Denton Creek District, approximately 1,500 acres of mixed-use residential and commercial development, is located along I-35W, US 377, and FM 1171. The Denton Creek District emphasizes high-quality, regional commercial and industrial development and mixed office, retail, and residential uses.

The main property in the district is **Furst Ranch**, which gained its zoning approval from the Council in 2022. This will allow an almost $6 billion, 2,300-acre development to move forward on the four corners of US 377 and FM 1171. Infrastructure improvements are expected to begin in the first quarter of 2026.

Significant progress continues in and around the **Canyon Falls development** on Flower Mound's west side. This 1,242-acre master-planned community spans Flower Mound, Northlake, and Argyle, with 626 of its acres located within Flower Mound. While Canyon Falls is widely recognized as a premier residential destination – featuring distinct village types shaped by the surrounding natural landscape – key infrastructure work is now underway to support future commercial development in the area.

Denton Creek Boulevard, located northwest of Canyon Falls, is currently in the design phase, and a major milestone was achieved with the completion of the Denton Creek bridge in the third quarter of 2025. This bridge represents the essential first step in extending the roadway. Additional improvements, including a new exit ramp and access roads from I-35, are still to come. Together, these projects will unlock more than 230 acres for commercial development, providing Flower Mound with its first interstate-accessible land. Zoning for the project has already been approved, and Town staff are actively engaged with several major retailers as plans for the site continue to advance.

The Town also approved a Tax Increment Reinvestment Zone (TIRZ #2) for approximately 3,962.176 acres east of I-35W. This will help to build the infrastructure necessary for the growth and development projected to come to the US 377/FM 1171/I-35W corridor.

Central Flower Mound Developments

The River Walk at Central Park is a 158-acre mixed-use development that integrates commercial, office, retail, restaurant, medical, and residential uses in various building types. Easily accessible from any part of the DFW Metroplex, The River Walk at Central Park is anchored by Texas Health Presbyterian Hospital Flower Mound and located along the Town's major north/south development corridor.

The River Walk offers walkable shopping, dining, art, entertainment, and more along a majestic flowing river. A restaurant row features unique and varied dining options, all with a shared patio on the waterfront. In 2014, highly requested restaurants La Madeleine and Luna Grill were added to the nearby River Walk Market.

Amenities completed within The River Walk at Central Park include sidewalks and pedestrian bridges, lighted waterfalls, a 100-foot water wall, shade structures, public art, a stone and iron clock tower, a pavilion, and more. The chapel and event center are open and operational as of January 2021.

The Town's first hotel, a **Courtyard by Marriott**, has now been operational for over 10 years and has become a community staple. Located at the north end of the River Walk development, the five-story, 146-room, upscale hotel features more than 6,000 square feet in meeting and conference space, an upscale restaurant and bar, outdoor fire pits, balconies overlooking the river and amphitheater, and many high-end finishes to ensure a luxurious experience for guests. A public parking structure sits alongside the hotel, offering guests and visitors immediate access to the River Walk's future amenities.

A second hotel, **Home2Suites,** operates within the River Walk development. The almost 70,000-square-foot hotel includes 100 rooms, a small dining area, an exercise room, a pool, a small meeting area, and a small retail space from which a separate retailer may operate.

The Town recently purchased over three acres to build a performing arts center in conjunction with Denton County on the north end of the River Walk. This center is currently in design phase. It will add significant value to the overall River Walk and add a destination amenity that will draw people in for a night of entertainment throughout the year.

The design and construction of a performing arts center will be funded through the Tax Increment Reinvestment Zone No. 1 (TIRZ #1). TIRZ #1 encompasses approximately 1,465 acres along FM 2499, one-half mile south of FM 1171 and north of FM 407. The estimated revenue of the zone over its 20-year life is conservatively $78,600,000, representing an anticipated $55,020,000 from the Town and $23,580,000 from Denton County.

Town Awards/Accolades

The Town of Flower Mound continues to be recognized as one of the top places in the country to live, work, and play. Some of our recent accolades include:

- No. 1 Most Livable Small City in Texas by SmartAsset.com
- No. 1 Most Livable Small City in the U.S. by Livability.com
- No. 14 Best Place to Live in the U.S. by U.S. News and World Report
- No. 8 Best Small City to Live in the U.S. by U.S. News and World Report
- No. 1 Best Place to Live in Denton County by Niche
- No. 4 Best Place to Raise a Family in DFW by Niche
- No. 6 Place with the Best Public Schools in Texas by Niche
- No. 7 Best Place to Raise a Family in Texas by Niche
- No. 85 Best Suburb to Live in in America by Niche
- No. 37th best city to retire nationwide by US News and World Report
- And many more at www.flowermound.gov/awards

Long-term Financial Planning

The Town develops a multi-year financial forecast as part of the budgeting process. Over the past few years, the Town has seen steady residential and commercial growth, which has allowed for balanced budgets that meet the needs of residents while maintaining a high level of reserves. In November 2007, voters approved four, one-fourth-of-one-percent dedicated sales tax votes for park and recreation improvements, street maintenance, a Crime Control and Prevention District (CCPD), and a Fire Control, Prevention, and Emergency Medical Services District. The resulting increased sales tax rate was enacted on April 1, 2008. These dedicated sales tax funds have provided the Town with the needed resources to create two new police beats, build and staff two new fire stations, exceptionally maintain the Town's streets, and improve and expand the Town's park system. The Town Charter requires a General Fund reserve fund balance of 10%. In addition, the Financial Policies of the Town require the total reserve plus unassigned balance to be at least 20%. Between FY 2019-2020 and FY 2024-2025, the balance has ranged from a low of 33.33% to a high of 47.15%. The balance at the end of FY 2025-2026 is projected to be 35.90%.

Tax Rates

All taxable property within the Town is subject to the assessment, levy, and collection of a continuing, direct ad valorem tax sufficient to fund operation and maintenance costs in the Town's General Fund as approved by the Town Council and provide payment of principal and interest on outstanding general obligation bonds.

The allocation of property tax levy by purpose (maintenance and operation vs. debt service) for Fiscal Year 2024-2025 and the preceding three years is reflected in the following table (amounts per $100 of assessed value):

Purpose	2024-2025	2023-2024	2022-2023	2021-2022
Maintenance & Operation	$.3239	$.3483	$.3609	$.3506
Debt Service	.0634	.0390	.0441	.0544
Total Tax Rate	$.3873	$.3873	$.4050	$.4050

Tax Appraisal/Collection Responsibilities

Under Texas law enacted in 1979 and subsequent revisions to the Texas Property Tax Code, the appraised value of taxable property in Flower Mound is established by the Denton Central Appraisal District and the Tarrant Appraisal District. The Town of Flower Mound and other taxing jurisdictions provide a pro-rata share of the budgeted expenditures incurred by the Denton Central Appraisal District and the Tarrant Appraisal District each year. In Fiscal Year 2024-2025, the Town's payment for appraisal services was $444,156 to Denton Central Appraisal District and $12,254 to Tarrant Appraisal District. The Town contracted with the Denton County Tax Office for the collection of ad valorem taxes for the year beginning October 1, 2024, and ending September 30, 2025. The Town paid $32,512 for these services.

Independent Audit

Article III, Section 3.13 of the Town Charter requires that an annual independent audit be performed of “the books and accounts of each department of the Town”. The Town has complied with this requirement, and the independent auditor’s report has been included in this report.

Budgetary Control

Budgetary control is established and maintained after the budget is adopted by preparing monthly revenue and expenditure statements, which provide monthly and year-to-date amounts and percentages of budgeted appropriations expended by fund, department, and division.

Budget transfers can be processed between line items in a division and between divisions in a department in the same fund. A transfer cannot change the total budget for a department. Amendments can be made to transfer funds, changing the total budget. Section 9.14 of the Town Charter provides the Town Council the authority to amend the budget and reads:

During the fiscal year, the Town Council shall have the power to transfer funds allocated by the budget from one department to another department and to re-estimate revenues and expenditures. If the Town Council determines it is in the best interest of the Town to apply for and accept a private, county, state, or federal grant of funds for a particular purpose, the Council's

action in accepting the award of said grant and any corresponding expenditures shall constitute a budget appropriation in the amount of said grant funds.

Employee Compensation

The salary pay ranges in the Town's pay plans shall be reviewed annually to maintain all pay ranges at the 65th percentile of the market. In the FY 2024-2025 budget, the Town Council approved a market adjustment for general government employees, a market increase for public safety employees in step pay plans that varies by position, and a three percent merit increase for all Town employees meeting performance standards.

Awards

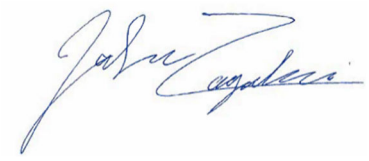
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Flower Mound, Texas, for its annual comprehensive financial report for the fiscal year ending September 30, 2024. The Town of Flower Mound has received a Certificate of Achievement for the last 37 consecutive years. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine eligibility for another certificate.

Acknowledgments

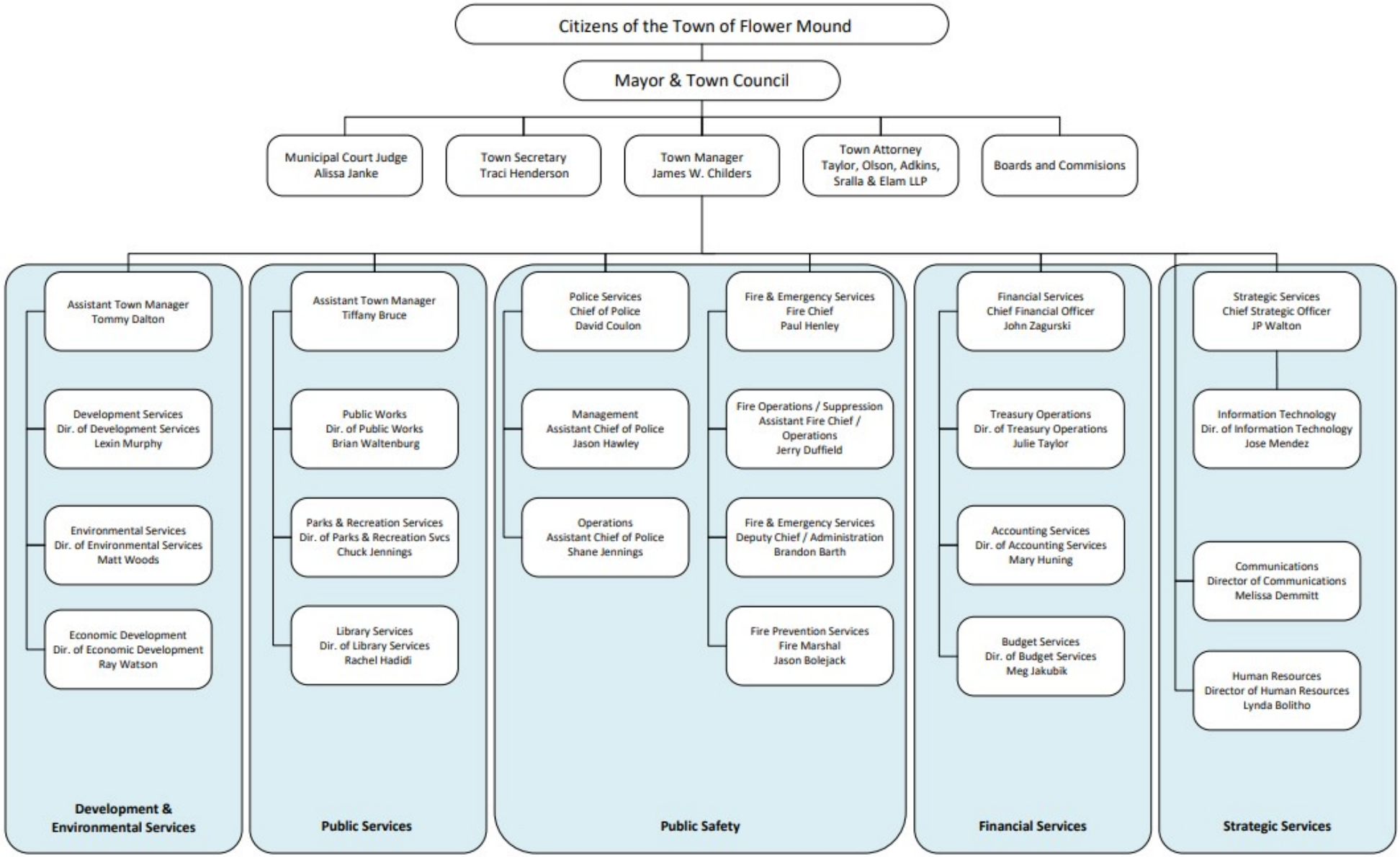
The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Financial Services Department. The administrative and finance staff also wish to commend and thank the Mayor and Town Council for their leadership and support in our combined efforts to provide a comprehensive program of municipal operations and services while remaining within a framework of sound financial planning, responsible fiscal control, and progressive financial reporting.

Respectfully submitted,



John Zagurski
Chief Financial Officer

Town of Flower Mound Organizational Chart (As of July 7, 2025)



Communications: Customer Relations
Parks and Recreation Services: Community Activity Center, Senior Center
Police Services: Animal Services, School Crossing, Criminal Investigations, Patrol, Communications Center, Support Services
Public Works: Engineering Services, CIP Engineering
Development Services: Planning Services, Building Inspections
Budget Services: Facilities Management, Fleet Services

Town of Flower Mound
PRINCIPAL OFFICIALS
September 30, 2025

TOWN OFFICIAL	ELECTIVE POSITION	TERM EXPIRES
Cheryl Moore	Mayor	2027
Adam Schiestel	Deputy Mayor Pro Tem Council Member, Place 1	2028
Chris Drew	Council Member, Place 2	2026
Brian Taylor	Council Member, Place 3	2028
Janvier Werner	Council Member, Place 4	2027
Ann Martin	Mayor Pro Tem Council Member, Place 5	2026

ADMINISTRATIVE STAFF	ADDRESS	POSITION
James Childers	2121 Cross Timbers Road	Town Manager
Tommy Dalton	2121 Cross Timbers Road	Assistant Town Manager
Tiffany Bruce	2121 Cross Timbers Road	Assistant Town Manager/Town Engineer
John Zagurski	2121 Cross Timbers Road	Chief Financial Officer
J.P. Walton	2121 Cross Timbers Road	Chief Strategic Officer
Traci Henderson	2121 Cross Timbers Road	Town Secretary
David Coulon	2121 Cross Timbers Road	Chief of Police
Paul Henley	2121 Cross Timbers Road	Fire Chief

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Flower Mound Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

THE TOWN OF
FLOWER MOUND
TEXAS

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
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Independent Auditor's Report

Honorable Mayor, Members of Town Council,
and Town Manager
Town of Flower Mound, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Flower Mound, Texas (Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension information, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and the schedules of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards, and Texas Grant Management Standards (TxGMS) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Dallas, Texas
March 11, 2026

THE TOWN OF
FLOWER MOUND
TEXAS

Town of Flower Mound, Texas
Management's Discussion and Analysis
September 30, 2025

The management of the Town of Flower Mound offers readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Flower Mound exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $700,003,498. Of this amount, $53,592,271 may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased by $12,325,938. The majority of this increase is attributable to development in both governmental funds and business-type activities.
- As of September 30, 2025, the Town of Flower Mound's governmental funds reported combined ending fund balances of $140,767,121, an increase of $7,988,479 in comparison with the prior year. 17.29% of this total amount, $24,344,909, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the general fund was $24,458,870, or 27.54% of total general fund expenditures.
- The Town of Flower Mound's bonded debt increased by $3,415,000 during the current fiscal year. The key factors in this increase were a net of debt payments in the amount of $17,610,000, the issuance of $18,525,000 in certificates of obligation and $2,500,000 in tax notes.

Overview of the Financial Statements

The management discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. However, other non-financial factors should also be considered.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in governmental funds.

In the Statement of Net Position and the Statement of Activities, the Town is divided between two kinds of activities:

- **Governmental activities**. Most of the Town's basic services are reported here, including the police, fire, library services, community development, public services, information services, park services, municipal court, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.

- **Business-type activities**. The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water, sewer and drainage utilities are reported here.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law or bond covenants. However, the Town Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the Town of Flower Mound can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The majority of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a detailed reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Flower Mound maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other twenty–six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The Town charges customers for the services it provides, whether to outside customers or to other units within the Town. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise fund (a component of proprietary funds) is identical to the business-type activities reported in the government-wide statements but provides more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the Town's other programs and activities, such as the Town's self-insurance fund and vehicle equipment, and technology replacement fund. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The Town of Flower Mound maintains an enterprise fund to account for water, sewer and drainage services provided to the Town's retail and wholesale customers. All activities associated with providing such services are accounted for in this fund, including administration, operation, maintenance, debt service, capital improvements, billing and collection. The Town's intent is that the costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private enterprise.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual revenue and expenditures budgets of the general fund and TIRZ fund, as well as, the funding progress and contributions of TMRS and the Town's other post-retirement benefits (OPEB).

Government-wide Financial Analysis

The Town's combined net position is $700,003,498 as of September 30, 2025. Analyzing the net position and net expenses of governmental and business-type activities separately, business-type activities' net position is $227,058,293. This analysis focuses on the net position and changes in general revenues and significant expenses of the Town's governmental and business-type activities.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to

citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's net position:

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 171,693,496	$ 163,837,280	$ 105,705,707	$ 98,341,002	$ 277,399,203	$ 262,178,282
Capital assets	401,465,881	385,912,768	247,992,215	238,104,310	649,458,096	624,017,078
Total assets	573,159,377	549,750,048	353,697,922	336,445,312	926,857,299	886,195,360
Deferred outflows of resources	10,540,453	11,906,632	1,301,297	1,461,909	11,841,750	13,368,541
Long-term liabilities outstanding	91,918,556	79,770,963	117,765,703	108,503,537	209,684,259	188,274,500
Other liabilities	14,321,042	11,289,042	9,540,511	9,419,867	23,861,553	20,708,909
Total liabilities	106,239,598	91,060,005	127,306,214	117,923,404	233,545,812	208,983,409
Deferred Inflows of resources	4,515,027	2,491,119	634,712	411,813	5,149,739	2,902,932
Net investment in capital assets	367,107,962	342,979,690	175,906,401	166,460,940	543,014,363	509,440,630
Restricted	80,771,832	79,153,252	22,625,032	25,697,321	103,396,864	104,850,573
Unrestricted	25,065,411	45,972,614	28,526,860	27,413,743	53,592,271	73,386,357
Total net position	$ 472,945,205	$ 468,105,556	$ 227,058,293	$ 219,572,004	$ 700,003,498	$ 687,677,560

Governmental activities. The following table provides a summary of the Town's operations for the year ended September 30, 2025. Governmental activities increased the Town's net position by $4,839,649, accounting for 39.26% of the total increase in net position. The majority of governmental activities increase in net position is due to development activity in the Town and controlling expenses.

Business-type activities. Business-type activities increased the Town's net position by $7,486,289, accounting for 60.74% of the total increase in net position. Business-type activities net position increased due to a utility rate increase and development activity in the Town.

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 12,846,379	$ 12,781,909	$ 62,712,422	$ 59,239,851	$ 75,558,801	$ 72,021,760
Operating grants and contributions	1,086,303	2,984,114	-	-	1,086,303	2,984,114
Capital grants and contributions	17,513,747	6,611,604	5,282,263	1,973,035	22,796,010	8,584,639
General revenues:						
Property taxes	65,358,260	63,095,966	-	-	65,358,260	63,095,966
Sales taxes	38,241,424	37,844,425	-	-	38,241,424	37,844,425
Occupancy taxes	796,281	734,306	-	-	796,281	734,306
Other taxes	7,244,389	7,356,987	-	-	7,244,389	7,356,987
Amounts not restricted to specific program	1,148,381	-	-	-	1,148,381	-
Unrestricted investment earnings	7,200,890	8,868,651	3,439,294	3,931,834	10,640,184	12,800,485
Gain on sale of capital assets	349,191	-	93,650	-	442,841	-
Miscellaneous	785,250	1,338,842	429,157	302,290	1,214,407	1,641,132
Total revenues	152,570,495	141,616,804	71,956,786	65,447,010	224,527,281	207,063,814
Expenses:						
Town manager's office	3,942,823	4,561,125	-	-	3,942,823	4,561,125
Legislative services	694,881	591,258	-	-	694,881	591,258
Development services	3,542,759	2,902,741	-	-	3,542,759	2,902,741
Parks and recreation services	20,217,327	18,270,624	-	-	20,217,327	18,270,624
Library services	3,239,013	2,522,204	-	-	3,239,013	2,522,204
Police services	35,703,437	25,973,268	-	-	35,703,437	25,973,268
Financial services	5,650,079	6,552,397	-	-	5,650,079	6,552,397
Administrative services	9,306,659	9,072,858	-	-	9,306,659	9,072,858
Fire and emergency services	40,305,654	29,796,129	-	-	40,305,654	29,796,129
Communications	1,137,224	1,012,662	-	-	1,137,224	1,012,662
Public works	19,794,484	19,604,948	-	-	19,794,484	19,604,948
Environmental services	2,141,257	1,751,125	-	-	2,141,257	1,751,125
Interest on long-term debt	971,618	1,226,657	-	-	971,618	1,226,657
Utilities	-	-	65,554,128	56,216,376	65,554,128	56,216,376
Total expenses	146,647,215	123,837,996	65,554,128	56,216,376	212,201,343	180,054,372
Increase (decrease) in net position before transfer	5,923,280	17,778,808	6,402,658	9,230,634	12,325,938	27,009,442
Transfers	(1,083,631)	2,327,040	1,083,631	(2,327,040)	-	-
Increase (decrease) in net position	4,839,649	20,105,848	7,486,289	6,903,594	12,325,938	27,009,442
Net position - 10/01	468,105,556	447,999,708	219,572,004	212,668,410	687,677,560	660,668,118
Net position - 09/30	$472,945,205	$468,105,556	$227,058,293	$219,572,004	$700,003,498	$687,677,560

Financial Analysis of the Government's Funds

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information helps assess the Town's financing requirements. In particular, unassigned fund balance may serve as a valuable measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $140,767,121, an increase of $7,988,479 in comparison with the prior year. Approximately $24,344,909 or 17.29% of the total amount constitutes unassigned fund balance, which is available for spending at the Town's discretion. Committed fund balance totals $26,755,666 or 19.01%, meaning that the Town by formal action has determined what this amount will be spent on.

Fund balance of $88,596,247 or 62.94% is restricted to indicate that it is not available for new spending. The Town also has prepaid items and inventory of $1,070,299 or 0.76% which are classified as non-spendable fund balance.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund totaled $24,458,870, while total fund balance was $34,867,152. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.54% of total general fund expenditures, while total fund balance represents 39.26% of that same amount.

The fund balance of the Town's general fund increased by $235,621 during the current fiscal year.

Key factors are as follows:

- Property tax revenue decreased from the previous year of $947,393
- Sales tax revenue increased from the previous year of $200,310
- Expenditures decreased by $14,468,440 primarily due to the purchase of land in the prior year and partially due to expenditure reductions from indirect cost allocations

Property tax revenue is lower due to the increase in the homestead exemption from 15% to 20%. Sales tax revenue grew slowly; when adjusted for inflation, sales tax revenue is down overall due to inflationary pressures on residents and business owners.

The debt service fund has a total fund balance of $712,618, an increase of $501,423. This increase is due to tax rate calculations and the way the debt portion of the TIRZ is handled.

The fund balance of the Town's capital projects fund increased by $4,606,555 during the current fiscal year due to the issuance of Certificates of Obligation.

The fund balance of the TIRZ fund increased by $2,438,938 to $26,826,593 due to reduced capital project activity.

Other governmental funds have a total fund balance of $49,795,182, an increase of $205,942. The Parks 4B Fund increased due to reduced capital project activity. The Street Maintenance Fund, Crime District Fund, and Fire District Fund decreased due to one-time capital spending.

Proprietary funds. The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Net position in the Enterprise Fund totaled $226,607,582 at the end of the fiscal year 2025, an increase of $7,714,431 or 3.52%. Included in net position is $175,906,401 net investment in capital assets and $22,625,032 restricted for capital projects. The remaining net position balance of $28,076,149 consists of unrestricted net position. In the current fiscal year, total operating revenues are $63,141,579, while operating expenses are $61,437,487. Revenue increased from the prior year due to increased utility rates. Expenses increased due to the purchase of wholesale water and capital project activity.

General Fund Budgetary Highlights

During fiscal year 2024-2025, the Town Council of the Town of Flower Mound amended the budget for the General Fund two times. The original expenditure budget, including transfers, was amended to increase the budget by $1,930,507.

Expenditures increased by $756,507 to re-appropriate funds budgeted in prior years for outstanding purchase orders at September 30, 2025.

In the Facilities Management Division of the General Fund, expenditures increased by $395,000 to account for projects that were budgeted but not completed in the last fiscal year and one project that was added due to the addition of a medic crew. Due to time constraints and supply chain issues, five projects that were budgeted in FY 23-24 were unable to be completed during the fiscal year: Lighting Replacement in various facilities for $85,000, Interior Repainting at the Community Activity Center for $50,000, Gate Refurbishment at the O&M building for $125,000, Parks Winter Automated Drainage System for $35,000, and Senior Center Drainage Improvements for $70,000. Fire Station 6 required some remodeling to provide space for the additional crew approved in the FY 24-25 budget in the amount of $30,000.

Additionally, with the staff turnover during the budget process, $3,400 in budget authorization was mistakenly removed from line items for the Fire Department. This amount has been restored for the Department.

Expenditures were increased in the General Fund by $775,600 for one-time department needs that were possible due to the identified increase in revenues.

The revenue budget was increased for additional sales tax and investment income by $790,600 based on improved budgetary projections for those revenue streams.

For fiscal year 2024-2025, actual expenditures on a budgetary basis were $88,820,708 compared to the final budget of $93,549,627. This was a positive $5,152,989 variance. Actual revenue on a budgetary basis was $88,989,552 compared to the final budget of $92,282,452. This was a negative variance of $3,292,900. This is primarily due to a decrease in tax revenue.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounted to $649,458,096 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, park facilities, roads, bridges, subscription assets, and water and sewer lines.

Major capital asset events during the current fiscal year included the following:

Description	Amount
Oak Street Lift Station & Force Main Ph IV	$ 6,577,720
Group of Concrete Streets	6,379,785
Group of Storm Sewer	3,208,036
Rheudasil Park Improvements	2,896,306
Group of Water Lines	2,374,025
Group of Sanitary Sewer Lines	1,964,330
Forest Vista Reconstruction Ph II	1,699,061
2027 Pierce EPA Enforcer Quint	1,641,746
Lower Timber Interceptor Rehab	1,597,254
Waketon @ FM 2499	1,513,160
Bordeaux Way Reconstruction	1,460,025
Spring Meadow Sewer Line Replacement	1,093,357
Peters Colony - Quail Run Roundabout	1,037,000
Timber Creek Water Line Ph II	922,581
Lopo Road Reconstruction	919,508
Tealwood Oaks Park	581,749
Karnes Rd	563,594
2025 Freightliner 114SD Plus Vacuum Truck	523,934
Glenwick Park Restroom Addition	449,854
2025 Freightliner 108 SD Hydro Excavator	400,000
Group of Concrete Sidewalks	395,294
Wood Creek Circle	384,592
Lopo Road Reconstruction - Water portion	365,000
Lopo Road Reconstruction - Wastewater Portion	340,000
2025 Ford F550 Terradyne Armored	326,819
Garden Ridge through Lane @ FM 3040 - Street Portion	289,670
Hillside Water Line Connection	258,263
Garden Ridge through Lane @ FM 3040 - Signal Portion	243,332
2025 Mack GR64F 12 Yd Dump Truck	224,091
Lighthouse Booster Station	219,353
Forest Vista Reconstr Phase II Water Line	207,868
2024 New England Wheels Fromtrunner LF 14 Pass Bus	193,344
Group of Street Lights	187,246
2024 Ford F550 Bucket Truck	184,099
2024 Dodge Ram 5500 Bucket Truck	176,080
Spring Meadow Park Improvements	172,284
Library RFID Book Sorter	170,255
2024 Insame Impact Max 1710 Mobile LED Trailer	154,660
2025 Ford F250 4X4	130,725
2025 Library Books	123,231
Fire Station No. 5 - Emergency Roof Shoring	123,143
2025 Karavan Wachs Valve Maint. Trailer	121,013
Mixer w/Storage Tanks and Sprayers	118,075
	$ 42,911,462

Capital Assets at Year-end
(Net of Depreciation/Amortization)

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 45,132,925	$ 45,132,925	$ 4,419,755	$ 4,419,755	$ 49,552,680	$ 49,552,680
Construction in progress	54,575,525	45,825,059	28,886,741	26,136,362	83,462,266	71,961,421
Buildings	75,333,865	78,538,413	26,247,658	27,427,652	101,581,523	105,966,065
Distribution system	-	-	185,998,856	178,466,256	185,998,856	178,466,256
Equipment	22,106,452	19,394,331	2,391,315	1,647,571	24,497,767	21,041,902
Improvements	31,908,141	30,324,810	-	-	31,908,141	30,324,810
Streets and bridges	171,554,898	165,331,540	-	-	171,554,898	165,331,540
Subscription right-of-use assets	854,075	1,365,690	47,890	6,714	901,965	1,372,404
Totals	$ 401,465,881	$ 385,912,768	$ 247,992,215	$ 238,104,310	$ 649,458,096	$ 624,017,078

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total bonds outstanding of $140,150,000 in tax supported debt.

Outstanding Debt, at Year-end

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 5,850,000	$ 10,670,000	$ 11,485,000	$ 13,640,000	$ 17,335,000	$ 24,310,000
Certificates of obligation	31,260,000	30,200,000	91,555,000	82,225,000	122,815,000	112,425,000
Totals	$ 37,110,000	$ 40,870,000	$ 103,040,000	$ 95,865,000	$ 140,150,000	$ 136,735,000

The Town of Flower Mound's bonded debt increased by $3,415,000 during the current fiscal year. The key factors in this increase was a net of debt payments in the amount of $17,610,000, the issuance of $18,525,000 in certificates of obligation and $2,500,000 in tax notes.

- On October 21, 2024, the Town issued $2,500,000 in Tax Notes, 2024 (Notes) for private placement with Texas Capital bank, which will pay for the contractual obligations incurred acquiring, upgrading and installing building improvements, security systems and lighting system improvements and information technology equipment for administrative office buildings of the Town housing the fleet maintenance, police, fire, parks and recreation departments and Town Hall, (ii) constructing, improving, renovating and equipping the Town library facilities, (iii) constructing renovations to Town Hall, an administrative office building housing governmental functions of the Town, (iv) constructing and improving streets, including drainage, signage equipment, traffic signalization, landscaping, curbs, gutters and sidewalks, (v) improving park and recreation facilities, (vi) acquiring equipment for the fleet maintenance department and professional services rendered in connection therewith. The Notes were subject to redemption prior to maturity, at the option of the Town, in whole or in part, on and after September 1, 2025, at the redemption price of par plus accrued interest to the date of redemption. On August 4, 2025, the Town Council approved a redemption resolution which occurred on September 2, 2025, for $510,736.

On June 2, 2025, the Town issued $18,525,000 in Certificates of Obligation Series, 2025, which will pay for the contractual obligations incurred for constructing waterworks and sewer system improvements and extensions, including the acquisition of land and rights-of-way therefor, acquiring, designing, constructing, equipping and improving fire-fighting facilities and professional services rendered in connection therewith.

Standard and Poor's affirmed the Town's General Obligation Bonds and the Certificates of Obligation's rating of "AAA".

The Town is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to assessed value of all taxable property is .25%.

Additional information on the Town's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The budget for fiscal year 2025-2026 lowered the property tax rate from $.387278 to $.387277 per $100 valuation. The homestead exemption was increased from 15% to 20%.

The Town increased the base operating budget for the fiscal year 2025-2026 primarily by including non-discretionary and decision packages during the budget process. Non-discretionary packages contained a variety of one-time replacement and maintenance costs. Decision packages include equipment, 1.00 additional FTE positions, as well as, various improvements and renovations in facilities and infrastructure.

The Town Charter requires that 10.00% of the general fund budget be placed in reserves. The new budget includes an estimated 35.90% unassigned plus committed for reserves general fund balance.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Town of Flower Mound, Financial Services, 2121 Cross Timbers Road, Flower Mound, TX, 75028.

Town of Flower Mound, Texas
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 81,383,669	$ 14,032,161	$ 95,415,830
Investments	67,458,429	14,821,471	82,279,900
Receivables (net of allowances for estimated uncollectibles):			
Ad valorem taxes	251,040	-	251,040
Other taxes	6,098,624	-	6,098,624
Unbilled services	-	3,000,662	3,000,662
Accounts	2,482,405	5,103,358	7,585,763
Accrued interest	604,701	-	604,701
Intergovernmental	771,245	-	771,245
Leases	1,350,638	-	1,350,638
Internal balances	(450,711)	450,711	-
Franchise fees	2,416,879	-	2,416,879
Prepaids	300,688	-	300,688
Inventory	1,010,073	978,382	1,988,455
Restricted:			
Cash and cash equivalents	7,180,920	60,601,132	67,782,052
Investments	834,896	6,717,830	7,552,726
Capital assets			
Land	45,132,925	4,419,755	49,552,680
Buildings	113,492,766	53,771,771	167,264,537
Distribution system	-	311,114,211	311,114,211
Equipment	43,431,251	5,669,898	49,101,149
Construction in progress	54,575,525	28,886,741	83,462,266
Improvements	58,550,864	-	58,550,864
Streets and bridges	499,560,960	-	499,560,960
Subscription right-of-use assets	2,196,204	154,190	2,350,394
Accumulated depreciation and amortization	(415,474,614)	(156,024,351)	(571,498,965)
Total Assets	573,159,377	353,697,922	926,857,299
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on refundings	11,733	-	11,733
Deferred outflows related to pensions	8,394,761	1,037,553	9,432,314
Deferred outflows related to OPEB	2,133,959	263,744	2,397,703
Total deferred outflow of resources	10,540,453	1,301,297	11,841,750
LIABILITIES			
Accounts payable	6,821,871	5,959,470	12,781,341
Estimated health claims	1,952,727	-	1,952,727
Salaries payable	3,702,410	375,618	4,078,028
Accrued interest payable	14,151	-	14,151
Retainage payable	1,043,859	911,152	1,955,011
Arbitrage payable	74,487	1,393,120	1,467,607
Unearned revenue	568,675	-	568,675
Meter deposits	-	524,029	524,029
Payables from restricted assets:			
Accrued bond interest	-	377,122	377,122
Accrued bond interest	142,862	-	142,862
Long-term liabilities:			
Due within one year	16,797,168	8,179,973	24,977,141
Due within more than one year	75,121,388	109,585,730	184,707,118
Total Liabilities	106,239,598	127,306,214	233,545,812
DEFERRED INFLOW OF RESOURCES			
Deferred gains on refundings	-	245,639	245,639
Deferred inflows related to pensions	2,310,253	285,537	2,595,790
Deferred inflows related to OPEB	837,716	103,536	941,252
Deferred inflows related to leases	1,367,058	-	1,367,058
Total deferred inflow of resources	4,515,027	634,712	5,149,739
NET POSITION			
Net investment in capital assets	367,107,962	175,906,401	543,014,363
Restricted for:			
Community services	1,978,881	-	1,978,881
Community development	26,826,593	-	26,826,593
Public safety-police	6,051,059	-	6,051,059
Public safety-fire	3,608,947	-	3,608,947
Streets	29,747,207	-	29,747,207
Parks	11,971,875	-	11,971,875
Debt service	587,270	-	587,270
Capital projects	-	22,625,032	22,625,032
Unrestricted	25,065,411	28,526,860	53,592,271
Total Net Position	$ 472,945,205	$ 227,058,293	$ 700,003,498

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Statement of Activities
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary government:			
Governmental activities:			
Town manager's office	$ 3,942,823	$ -	$ -
Legislative services	694,881	14,983	-
Development services	3,542,759	1,600,606	-
Parks & recreation services	20,217,327	3,231,286	322,342
Library services	3,239,013	6,582	112,854
Police services	35,703,437	1,697,867	626,107
Financial services	5,650,079	1,871,506	-
Administrative services	9,306,659	-	-
Fire and emergency services	40,305,654	3,180,837	-
Communications	1,137,224	-	-
Public works	19,794,484	344,037	-
Environmental services	2,141,257	898,675	25,000
Interest on long-term debt	971,618	-	-
Total governmental activities	146,647,215	12,846,379	1,086,303
Business-type activities:			
Utilities-Stormwater	1,744,635	2,196,402	-
Utilities-Water and Wastewater	63,809,493	60,516,020	-
Total business-type activities	65,554,128	62,712,422	-
Total primary government	$ 212,201,343	$ 75,558,801	$ 1,086,303

General Revenues:	
Property taxes	
Sales taxes	
Occupancy taxes	
Franchise taxes	
Alcoholic beverage taxes	
Amounts not restricted to specific program	
Unrestricted investment earnings	
Gain on sale of capital assets	
Miscellaneous	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position - beginning	
Net position - ending	

The notes to the financial statements are an integral part of this statement

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
$ -	$ (3,942,823)	$ -	$ (3,942,823)
-	(679,898)	-	(679,898)
-	(1,942,153)	-	(1,942,153)
125,361	(16,538,338)	-	(16,538,338)
-	(3,119,577)	-	(3,119,577)
-	(33,379,463)	-	(33,379,463)
-	(3,778,573)	-	(3,778,573)
27,798	(9,278,861)	-	(9,278,861)
-	(37,124,817)	-	(37,124,817)
-	(1,137,224)	-	(1,137,224)
17,360,588	(2,089,859)	-	(2,089,859)
-	(1,217,582)	-	(1,217,582)
-	(971,618)	-	(971,618)
17,513,747	(115,200,786)	-	(115,200,786)
-	-	451,767	451,767
5,282,263	-	1,988,790	1,988,790
5,282,263	-	2,440,557	2,440,557
$ 22,796,010	$ (115,200,786)	$ 2,440,557	$ (112,760,229)
	65,358,260	-	65,358,260
	38,241,424	-	38,241,424
	796,281	-	796,281
	6,857,969	-	6,857,969
	386,420	-	386,420
	1,148,381	-	1,148,381
	7,200,890	3,439,294	10,640,184
	349,191	93,650	442,841
	785,250	429,157	1,214,407
	(1,083,631)	1,083,631	-
	120,040,435	5,045,732	125,086,167
	4,839,649	7,486,289	12,325,938
	468,105,556	219,572,004	687,677,560
	$ 472,945,205	$ 227,058,293	$ 700,003,498

Town of Flower Mound, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	General Capital Projects	TIRZ Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 18,036,668	$ 370,411	$ 26,356,697	$ 13,346,331	$ 23,889,191	$ 81,999,298
Investments	18,009,707	342,940	3,107,169	14,118,310	24,095,516	59,673,642
Receivables (net of allowances for estimated uncollectibles):						
Ad valorem taxes	234,259	16,781	-	-	-	251,040
Other taxes	3,050,874	-	-	-	3,047,750	6,098,624
Accounts	1,693,961	-	685	-	8,884	1,703,530
Accrued interest	573,519	-	31,182	-	-	604,701
Intergovernmental	27,798	-	499,807	-	243,640	771,245
Leases	1,350,638	-	-	-	-	1,350,638
Interfund	-	-	-	-	219,114	219,114
Franchise fees	2,398,781	-	-	-	18,098	2,416,879
Inventory	993,093	-	-	-	16,980	1,010,073
Prepaid items	60,226	-	-	-	-	60,226
Total Assets	$ 46,429,524	$ 730,132	$ 29,995,540	$ 27,464,641	$ 51,539,173	$ 156,159,010
LIABILITIES						
Accounts payable	$ 4,722,065	$ -	$ 649,703	$ 177,701	$ 709,021	$ 6,258,490
Retainage payable	-	-	506,662	460,347	76,850	1,043,859
Arbitrage payable	-	-	74,487	-	-	74,487
Salaries payable	3,233,570	-	-	-	468,840	3,702,410
Interfund	-	-	-	-	219,114	219,114
Unearned revenue	412,470	-	-	-	156,205	568,675
Total Liabilities	8,368,105	-	1,230,852	638,048	1,630,030	11,867,035
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	1,827,209	17,514	199,112	-	113,961	2,157,796
Deferred inflows related to leases	1,367,058	-	-	-	-	1,367,058
Total deferred inflows of resources	3,194,267	17,514	199,112	-	113,961	3,524,854
FUND BALANCES						
Nonspendable for:						
Prepaids	60,226	-	-	-	-	60,226
Inventory	993,093	-	-	-	16,980	1,010,073
Restricted for:						
Community services	-	-	-	-	1,978,881	1,978,881
Community development	-	-	-	26,826,593	-	26,826,593
Public safety-police	-	-	-	-	6,051,059	6,051,059
Public safety-fire	-	-	-	-	3,608,947	3,608,947
Streets	-	-	16,243,612	-	16,023,863	32,267,475
Parks	-	-	164	-	11,971,875	11,972,039
Facilities	-	-	5,178,635	-	-	5,178,635
Debt service	-	712,618	-	-	-	712,618
Committed for:						
Community services	-	-	-	-	3,228,864	3,228,864
Public safety-police	-	-	-	-	403,123	403,123
Parks	-	-	-	-	6,625,551	6,625,551
Capital projects	-	-	7,143,165	-	-	7,143,165
Charter reserves	9,354,963	-	-	-	-	9,354,963
Unassigned	24,458,870	-	-	-	(113,961)	24,344,909
Total Fund Balance	34,867,152	712,618	28,565,576	26,826,593	49,795,182	140,767,121
Total liabilities, deferred inflows of resources and fund balances	$ 46,429,524	$ 730,132	$ 29,995,540	$ 27,464,641	$ 51,539,173	$ 156,159,010

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
As of September 30, 2025

Total fund balances - governmental funds	$ 140,767,121
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation and amortization.	401,465,881
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenues in the funds.	
Taxes	229,048
Franchise fees	1,125,000
Ambulance fees	308,265
Municipal court fees	154,612
Grants and other governmental	340,871
Two internal service funds are used by the Town's management. The assets and liabilities of the internal service fund are included with governmental activities, net of internal balances of ($450,711).	13,237,492
Deferred outflows (inflows) of resources are not reported in the governmental funds:	
Deferred charges on refundings	11,733
Pension deferred outflows of resources	8,394,761
OPEB deferred outflows of resources	2,133,959
Pension deferred inflows of resources	(2,310,253)
OPEB deferred inflows of resources	(837,716)
Certain assets and liabilities are accrued in the government-wide statements. However, they are not accrued in the governmental fund statements.	
Accrued interest on the bonds	(142,862)
Accrued interest on subscription right-of use	(14,151)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(5,850,000)
Certificates of obligation payable	(31,260,000)
Bond premium/discounts	(3,220,794)
Net pension liability	(37,517,765)
Compensated absences	(6,761,004)
OPEB liability	(6,614,927)
Subscription liability	(694,066)
Net position of governmental activities	$ 472,945,205

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2025

	General	Debt Service	General Capital Projects	TIRZ Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem	$ 47,836,693	$ 10,408,834	$ -	$ 7,588,588	$ -	$ 65,834,115
Sales	19,176,193	-	-	-	19,065,231	38,241,424
Franchise	6,700,610	-	-	-	82,927	6,783,537
Alcoholic beverage	386,420	-	-	-	-	386,420
Hotel occupancy	-	-	-	-	796,281	796,281
Licenses, permits and fees	1,976,758	-	-	-	873,157	2,849,915
Intergovernmental	2,870,393	-	6,172,506	-	1,717,945	10,760,844
Impact fees	-	-	603,381	-	-	603,381
Charges for services	5,398,264	-	-	-	77,986	5,476,250
Fines and forfeits	1,784,453	-	-	-	748,491	2,532,944
Investment earnings	2,080,020	122,631	1,180,482	1,046,871	2,063,649	6,493,653
Memorials and contributions	1,050	-	-	-	156,069	157,119
Other revenue	778,698	-	-	-	7,944	786,642
Total Revenues	88,989,552	10,531,465	7,956,369	8,635,459	25,589,680	141,702,525
EXPENDITURES						
Current						
Town manager's office	3,284,567	-	-	-	-	3,284,567
Legislative services	566,052	-	-	-	-	566,052
Development services	2,849,879	-	-	-	-	2,849,879
Parks & recreation services	11,344,272	-	-	-	1,744,725	13,088,997
Library services	2,383,738	-	-	-	82,594	2,466,332
Police services	22,638,497	-	-	-	5,052,162	27,690,659
Financial services	3,267,637	-	-	-	131,536	3,399,173
Administrative services	7,927,524	-	-	-	146,890	8,074,414
Fire and emergency services	24,394,740	-	-	-	4,359,180	28,753,920
Communications	828,388	-	-	-	23,469	851,857
Public works	6,211,499	-	-	-	2,618,762	8,830,261
Environmental services	1,727,116	-	-	-	-	1,727,116
Debt service - principal	551,879	8,820,000	-	2,450,000	-	11,821,879
Debt service - interest and fiscal charges	-	1,484,397	-	187,350	-	1,671,747
Capital projects	844,920	-	11,577,550	3,559,171	10,281,879	26,263,520
Total Expenditures	88,820,708	10,304,397	11,577,550	6,196,521	24,441,197	141,340,373
Excess (deficiency) of revenues over (under) expenditures	168,844	227,068	(3,621,181)	2,438,938	1,148,483	362,152
OTHER FINANCING SOURCES (USES)						
Issuance of general debt obligation	-	-	7,510,000	-	-	7,510,000
Premium on bonds	-	3,105	67,736	-	-	70,841
Subscription issued	48,082	-	-	-	-	48,082
Sale of capital assets	391,804	-	-	-	5,600	397,404
Transfers in	300,000	271,250	650,000	-	23,109	1,244,359
Transfers out	(673,109)	-	-	-	(971,250)	(1,644,359)
Total other financing sources and uses	66,777	274,355	8,227,736	-	(942,541)	7,626,327
Net change in fund balances	235,621	501,423	4,606,555	2,438,938	205,942	7,988,479
Fund balances - beginning	34,631,531	211,195	23,959,021	24,387,655	49,589,240	132,778,642
Fund balances - ending	$ 34,867,152	$ 712,618	$ 28,565,576	$ 26,826,593	$ 49,795,182	$ 140,767,121

The notes to the financial statements are an integral part of this statement

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2025

Net change in fund balances - total governmental funds	$ 7,988,479
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures and do not reflect sales or transfers of capital assets. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense and gains and losses are recognized as they occur. (Additions of $30,483,078, including internal service funds, and loss on disposals and transfers of $3,058,622.)	27,424,456
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the acquisition value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	10,184,791
Depreciation and amortization expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.	(22,056,134)
The issuance of long term debt (i.e. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount (bond proceeds of $7,580,841, plus subscription issued of $48,082, less bond repayments of $11,270,000 and subscription payments of $551,879, plus amortization of deferred loss of $66,711, less amortization of bond premiums/discounts of $760,477) is the net effect of these differences in the treatment of long-term debt and related items.	4,886,722
Current year changes in the long term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(502,591)
Current year changes in the long term liability and related outflows (inflows) for pensions do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(18,964,058)
Current year changes in the long term liability and related outflows (inflows) for OPEB payables do not require the use of current financials resources; therefore, are not reported as expenditures in governmental funds.	(715,380)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	6,363
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(368,431)
Internal service funds are used by management to share the costs of certain activities, such as the purchase of insurance and vehicle and equipment replacements to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities, net of the amount allocated to business-type activities ($228,142).	(3,044,568)
Change in net position of governmental activities	$ 4,839,649

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-type Activities Enterprise Fund	Governmental Activities- Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,032,161	$ 6,565,291
Investments	14,821,471	8,619,683
Receivables (net of allowances for estimated uncollectibles):		
Accounts	5,103,358	778,875
Unbilled services	3,000,662	-
Prepaids	-	240,462
Inventories	978,382	-
Restricted:		
Cash and cash equivalents	60,601,132	-
Investments	6,717,830	-
Total current assets	105,254,996	16,204,311
Capital assets:		
Land	4,419,755	-
Buildings	53,771,771	-
Distribution system	311,114,211	-
Equipment	5,669,898	-
Construction in progress	28,886,741	-
Subscription right-of-use assets	154,190	-
Accumulated depreciation and amortization	(156,024,351)	-
Total capital assets (net of accumulated depreciation and amortization)	247,992,215	-
Total noncurrent assets	247,992,215	-
Total Assets	353,247,211	16,204,311
DEFERRED OUTFLOW OF RESOURCES		
Deferred outflows related to pensions	1,037,553	-
Deferred outflows related to OPEB	263,744	-
Total deferred outflows of resources	1,301,297	-
LIABILITIES		
Current liabilities:		
Accounts payable	5,959,470	563,381
Estimated health claims	-	1,952,727
Meter deposits	524,029	-
Salaries payable	375,618	-
Accrued bond interest	377,122	-
Current portion of total OPEB liability	26,054	-
Subscription liability	40,006	-
Retainage payable	911,152	-
Arbitrage payable	1,393,120	-
Current liabilities payable from restricted assets:		
Current portion of accrued leave benefits	412,793	-
Current portion of contractual obligations	5,246,073	-
Current portion of general obligations	2,455,047	-
Total current liabilities payable from restricted assets	8,113,913	-
Total current liabilities	17,720,484	2,516,108
Accrued leave benefits	240,206	-
Net pension liability	4,637,026	-
Total OPEB liability	791,521	-
Contractual obligations	93,600,342	-
General obligation bonds	10,316,635	-
Total noncurrent liabilities	109,585,730	-
Total Liabilities	127,306,214	2,516,108
DEFERRED INFLOW OF RESOURCES		
Deferred gains on refundings	245,639	-
Deferred inflows related to pensions	285,537	-
Deferred inflows related to OPEB	103,536	-
Total deferred inflows of resources	634,712	-
NET POSITION		
Net investment in capital assets	175,906,401	-
Restricted for capital projects	22,625,032	-
Unrestricted	28,076,149	13,688,203
Total Net Position	$ 226,607,582	$ 13,688,203

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Reconciliation of the Enterprise Fund Statement of Net Position
to the Government-wide Statement of Net Position
As of September 30, 2025

Total net position-enterprise fund	$ 226,607,582
Amounts reported for business-type activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of health insurance and replacement of vehicles and equipment to individual funds. The net position of certain internal service funds is reported with business-type activities.	450,711
Total net position-business-type activities	$ 227,058,293

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities Enterprise Fund	Governmental Activities- Internal Service Funds
Operating revenues:		
Charges for services	$ 62,227,338	$ 20,414,358
Penalties, fines and forfeits	485,084	-
Other	429,157	2,379
Total operating revenue	63,141,579	20,416,737
Operating expenses:		
Administration	8,640,874	-
Maintenance and operations	42,622,032	752,021
Depreciation and amortization	10,174,581	-
Health insurance and flexible benefits	-	18,406,806
Total operating expenses	61,437,487	19,158,827
Operating income (loss)	1,704,092	1,257,910
Nonoperating revenues (expenses):		
Interest income	3,439,294	707,237
Gain on disposal of property	93,650	-
Interest expense	(3,888,499)	-
Total nonoperating revenue (expenses)	(355,555)	707,237
Income (loss) before contributions and transfers	1,348,537	1,965,147
Capital contributions	4,338,355	-
Contribution of capital assets to governmental activities	-	(4,554,226)
Contributions-impact fees	943,908	-
Transfers in	1,083,631	-
Transfers out	-	(683,631)
Change in net position	7,714,431	(3,272,710)
Total net position - beginning	218,893,151	16,960,913
Total net position - ending	$ 226,607,582	$ 13,688,203

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Reconciliation of the Statement of Revenues, Expenses, and Changes in Net Position of Enterprise Fund to the Statement of Activities
For the Year Ended September 30, 2025

Net change in net position- enterprise fund	$ 7,714,431
Amounts reported for business-type activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of health insurance and replacement of vehicles and equipment to individual funds. The net revenue of certain internal service funds is reported with governmental activities. The amount shown represents the net revenue allocated to business-type activities.	(228,142)
Change in net position of business-type activities	$ 7,486,289

The notes to the financial statements are an integral part of this statement

Town of Flower Mound, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Business-type Activities Enterprise Fund	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 63,747,728	$ -
Cash received from transactions with other funds	-	19,450,159
Cash paid to employees for services	(12,747,548)	-
Cash paid for goods and services	(35,846,439)	(5,125,465)
Cash paid for claims	-	(13,277,104)
Net cash provided by (used for) operating activities	15,153,741	1,047,590
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payment on bonds payable and certificates of obligation	(6,340,000)	-
Interest and fiscal charges	(4,511,648)	-
Proceeds from issuance of debt	14,196,974	-
Proceeds from impact fees	943,908	-
Bond issuance costs paid	(205,103)	-
Purchase of capital assets	(14,959,549)	(5,237,857)
Proceeds from sale of capital assets	93,650	-
Transfer from other funds for purchase of capital assets	400,000	-
Net cash provided by (used for) capital and related financing activities	(10,381,768)	(5,237,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investment securities	9,065,457	4,875,834
Purchase of investment securities	(9,710,156)	(2,925,000)
Interest received	3,439,294	707,237
Net cash provided by (used for) investing activities	2,794,595	2,658,071
Net increase (decrease) in cash and cash equivalents	7,566,568	(1,532,196)
Cash and cash equivalents, October 1	67,066,725	8,097,487
Cash and cash equivalents, September 30	$ 74,633,293	$ 6,565,291
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	$ 1,704,092	$ 1,257,910
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	10,174,581	-
Change in assets and liabilities		
Decrease (Increase) in trade receivables	825,813	(726,116)
Decrease (Increase) in prepaids	-	(240,462)
Decrease (Increase) in unbilled receivables	75,837	-
Decrease (Increase) in inventory	(283,230)	-
Increase (Decrease) in deposits payable	(12,271)	-
Increase (Decrease) in net pension liability	2,343,873	-
Increase (Decrease) in OPEB liability	88,419	-
Increase (Decrease) in accounts payable and accrued liabilities	236,627	756,258
Total adjustments	13,449,649	(210,320)
Net cash provided by (used for) operating activities	$ 15,153,741	$ 1,047,590
Noncash capital and related financing activities:		
Contributions of capital assets from developers	$ 4,338,355	$ -
Transfer of capital assets from other funds	683,631	(683,631)
Transfer of capital assets to governmental activities	-	(4,554,226)
Capital related retainage and accounts payable	911,152	-
Subscription issued	80,952	-

The notes to the financial statements are an integral part of this statement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Flower Mound is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The accounting and reporting policies of the Town conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Component units are organizations for which the Town is financially accountable and all other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Based on these criteria, the financial information of the Flower Mound's Community Development Corporation (CDC), The Flower Mound Crime Control and Prevention District (Crime District), and The Flower Mound Fire Control, Prevention, and Emergency Medical Services District (Fire District) have been blended with the Town's financial statements.

Blended Component Unit – The CDC is a non-profit corporation that serves the citizens of the Town by improving municipal parks and recreational facilities through land acquisition and the development of parks. The Corporation is organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the Town of Flower Mound, and the specific purposes for which the Corporation is organized, and with Town Council approval, may issue bonds on behalf of the Town and expend the proceeds of any sales and use tax levied for projects authorized by Section 4B of Article 5190.6 of the Texas Revised Civil Statutes, as amended, for land, building, equipment, facilities, and improvements required or suitable for use for public park purposes and events, including parks and park facilities, and the maintenance and operation expenses for any of the above described projects.

The Board of the CDC consists of seven (7) directors who are appointed by Town Council. Any director may be removed at any time without cause by the Town Council. The CDC has been incorporated into the basic financial statements as a blended component unit. Separate financial statements for the CDC are not prepared.

The Crime District was established to account for the accumulation and use of sales tax proceeds designated for crime reduction programs. One-fourth (1/4) cent of local sales and use tax within the district funds the Crime District. The Board of Directors of the Crime Control and Prevention District is substantively the same as the Town Council and the Town will ultimately bear the benefit or burden. The Town is entitled to and can otherwise access all the resources of the Crime District. The Crime District has been incorporated into these basic financial statements as a blended component unit, reported as a Special Revenue Fund, the Crime District. Separate financial statements for the Crime District are not prepared.

The Fire District was established to account for the accumulation and use of sales tax proceeds designated for fire control programs. One-fourth (1/4) cent of local sales and use tax within the district funds the Fire District. The Board of Directors of the Fire District is substantively the same as the Town Council and the Town will ultimately bear the benefit or burden. The Town is entitled to and can otherwise access all the resources of the Fire District. The Fire District has been incorporated into these basic financial statements as a blended component unit, reported as a Special Revenue Fund, the Fire District. Separate financial statements for the Fire District are not prepared.

B. Government-wide and Fund Financial Statements

The government-wide financial statements are comprised of the Statement of Net Position and the Statement of Activities. They contain information on all activities of the Town and its component units. As a general rule, most effects of inter-fund activity have been removed from these statements. Exceptions to this general rule are charges between the Town's utility function and various other functions of the Town and charges of the internal service funds to the enterprise fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function/program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or function/program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function/program; 2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function/program; 3) capital grants and contributions. Taxes and internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The governmental and proprietary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue, as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as, they are both measurable and available. Revenues are considered measurable when the amount of the transaction can be determined and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected

within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual are property taxes, franchise fees, licenses, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on long-term general obligation debt of governmental funds. This fund is designated as a major fund.

General Capital Projects Fund – The General Capital Projects Fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Tax Increment Reinvestment Zone (TIRZ) Fund – The TIRZ Fund accounts for financial resources and expenditures relating to the reinvestment zone.

The Town reports the following non-major governmental funds:

Special Revenue Funds – The Town's Special Revenue Funds are used to account for revenue sources that are designated to finance particular functions or activities or are legally restricted to expenditures for specified purposes, as follows:

- *Library Development Fund* – accounts for all monetary donations made to the Flower Mound Public Library.
- *Park Development Fund* – accounts for all monetary contributions and payments to the Town by developers in lieu of the dedication of actual park land.
- *Tree Preservation Fund* – accounts for funds donated to and used by the Town to provide or support supplemental landscape plantings in public areas and enforce tree preservation regulations.
- *Public Education Government (PEG) Fund* – accounts for revenues derived from cable providers in Flower Mound per Section 66-006 of the Texas Utilities Code.
- *Street Maintenance-Sales Tax Fund* – accounts for revenues collected from dedicated sales tax approved by the voters for one-fourth of one percent. Funds are expended on reconstruction or rehabilitation of street projects.

- *Parks 4B-Sales Tax Fund* – accounts for revenues collected from dedicated sales tax approved by the voters for one-fourth of one percent. Funds are used for park and recreation improvements.

- *Crime District-Sales Tax Fund* – accounts for revenues collected from dedicated sales tax approved by the voters for one-fourth of one percent. Funds are used to staff two police beats with staff, equipment and vehicles.

- *Fire District-Sales Tax Fund* – accounts for revenues collected from dedicated sales tax approved by the voters for one-fourth of one percent. Funds are used to staff two fire stations with personnel and equipment.

- *Flower Mound Log Cabin Fund* – accounts for donations and expenditures related to the restoration, maintenance, or repair of the cabin site and/or exhibits.

- *IRS Equitable Sharing Fund* – accounts for funds received for participating with the IRS task force on criminal investigations and asset forfeitures of illegal activities in the North Texas area.

- *Justice Seizures Fund* – accounts for funds received from the DEA, the DOJ, the US Federal Marshal's office, etc.

- *Chapter 59 Seizures Fund* – accounts for funds that are being pursued in the state-level courts and are held until they are awarded as forfeiture or denied.

- *Animal Care Fund* – accounts for funds received by donation to be used for the care of animals at the animal adoption center.

- *Opioid Settlements Fund* – accounts for revenues derived from the State of Texas from opioid settlement funds.

- *TPWD Grant Fund* – accounts for revenues received from Texas Parks and Wildlife Department and expended for specific park-related purposes.

- *CDBG-HUD Grant Fund* – accounts for revenues derived from the Department of Housing and Urban Development for a Community Development Block Grant and funds are expended for grant related purposes.

- *Grants Fund* – accounts for revenues derived from various granting agencies. The funds are expended for grant-related purposes.

- *Neighborhood Improvement Fund* – promotes reinvestment in neighborhoods to maintain property values though a town-sponsored repair and replacement program.

- *COVID-19 Fund* – accounts for revenues received from various granting agencies. The funds are expended for COVID-19 purposes.

- *Hotel Occupancy Tax Fund* – accounts for the accumulation of resources from the Hotel/Motel tax assessment levied by the Town. These monies are to be spent to promote the progress, development or growth of the Town within the guidelines set forth on the Texas Hotel Occupancy Tax Act.

- *Municipal Court Security Fund* – accounts for municipal court fees assessed to provide for court security.

- *Municipal Court Technology Fund* – accounts for municipal court fees assessed to finance the purchase of technological enhancements for municipal court.

- *Municipal Court Jury Fund* – accounts for municipal court fees assessed to finance jury services.

- *Municipal Court Local Youth Diversion Fund* – accounts for municipal court fees assessed to finance expenditures related to juvenile case manager.

- *Municipal Court Building Security* – accounts for municipal court fees assessed to provide for court building security and technological enhancements for municipal court.

The Town reports the following proprietary funds:

Enterprise Fund – The Town's Enterprise Fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination of operating income, net position and cash flow. All assets, deferred outflows and inflows of resources, and liabilities are included on the Statement of Net Position. Activities of the fund include administration, operations and maintenance of the water, wastewater, and stormwater drainage systems and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the fund.

Internal Service Funds – The Town's Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the Town.

- *Health Insurance and Flexible Benefit Fund* – accounts for revenues from premium charges to the departments and employee contributions for individual and dependent coverage in which expenses include claim payments, administrative costs, and reinsurance premiums for the health, dental and eye programs.

- *Vehicle, Equipment and Technology Replacement Fund* – accounts for the purchase of vehicles and equipment operated by the Town in which the departments pay monthly amounts to provide funds for future replacement capital outlay.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital and subscription assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash, Cash Equivalents and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The government investment pool, TexPool, is carried at amortized cost. TexStar and Texas CLASS are carried at net asset value.

The Town pools cash from all funds for the purpose of increasing income through coordinated investment activities. Interest earnings are allocated to the respective funds based upon each fund's relative balance in the pool. An individual fund's equity in the pooled cash accounts is available upon demand and are considered to be "cash equivalents" when preparing these financial statements. Negative balances, if any, incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" or "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade and property tax receivables are shown net of an allowance for uncollectibles.

F. Property taxes

Property taxes attach as an enforceable lien on property located in the Town as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. The Denton County Tax Assessor/Collector's office bills and collects the Town's property taxes.

The statutes of the State of Texas do not prescribe a legal limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. For the fiscal year ended September 30, 2025, the Town had a tax margin of $2.1127 per $100 assessed valuation based upon the maximum rates described above.

G. Inventories

Inventories are accounted for by the consumption method. They are valued at weighted average cost and consist of automotive equipment, postage, meters and settings and gasoline purchased by the Town to use in its automobiles. The cost of the inventories is recorded as an expense when consumed rather than when purchased.

H. Prepaid Items

Prepaid balances are for payments made by the Town in the current year to provide services occurring in the subsequent fiscal year. The purchasing method is used to account for prepaids.

I. Restricted Assets

Certain proceeds of bonds and other amounts designated for capital improvements, as well as, certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

J. Capital and Subscription Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. The Town defines capital assets as assets with an initial individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings & Structures	20-45 years
Improvements other than Buildings	20-45 years
Utility Improvements	45 years
Vehicles	2-20 years
Machinery & Equipment	7-15 years
Furniture & Office Equipment	3-15 years
Bridges	45 years
Streets	20 years
Signals	10 years

Subscription capital assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying information technology asset.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the Town's total pension liability is obtained from TMRS through a report prepared for the Town by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions.*

L. Compensated Absences

It is the Town's policy to permit employees to accumulate certain earned but unused vacation, holiday time, comp time, and sick pay benefits. Upon retirement of employment, as defined by the Texas Municipal Retirement System, an employee who has completed a minimum of ten (10) years of continuous service with the Town, shall be eligible for pay for one-half (½) of accumulated sick leave, or three hundred and sixty (360) hours, whichever is less. All vacation pay, holiday time and comp time is accrued when incurred in the government-wide and proprietary fund financial statements. A last-in-first-out (LIFO) flow assumption is used when leave is taken.

M. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of applicable bond premium or discount. Long-term liabilities and assets resulting from initiation of subscription-based information technology arrangements are reported in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, bond issuance costs, and subscription-based information technology arrangements during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For detail of deferred outflows see Note 6.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For detail of deferred inflows see Note 6.

O. Other Post-Employment Benefits

For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, Town specific information about its total TMRS SDBF liability and additions to/deductions from the Town's total TMRS SDBF liability have been determined on the same basis as reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the total OPEB liability (TOL), and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

For purposes of measuring the total Retiree Health Care Plan OPEB liability as administered by the Town, related deferred outflows and inflows of resources, and expense, Town specific information about its total Retiree Health Care Plan liability and additions to/deductions from that liability have been determined on the same basis as reported by the Town. The expense and deferred (inflows)/outflows of resources related to are primarily the result from changes in the components of the total liability. Most changes in the total liability will be included in expense in the period of the change. For example, changes in the total liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in the expense immediately. Changes in the total liability that have not been included in the expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to Retiree Health Care Plan.

P. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's

policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Q. Fund Balance Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

R. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by ordinances of the Town Council – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. The Town Council has the authority to assign amounts to be used for specific purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

For the classification of Governmental Fund balances, the Town considers an expenditure to be made from the most restrictive first when more than one classification is available.

The Town Charter requires that 10 percent of the general and enterprise fund budget be placed in reserves to be used in case of unforeseen items of expenditure. The reserve is under the control of the Town Manager and distributed after approval of the Town Council.

S. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town's management to make estimates and assumptions that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results may differ from those estimates.

T. Adoption of New Accounting Standards

The Town adopted GASB Statement No. 101, *Compensated Absences* (GASB 101) for the year ended September 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the Town's beginning of year net position.

The Town adopted GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102) for the year ended September 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the Town's beginning of year net position.

2. CASH AND INVESTMENTS

In order to facilitate effective cash management practices, the cash of all funds is pooled into common accounts for the purpose of increasing income through combined investment activities. At year-end, the carrying amount of the Town's deposits was $1,024,837 and the bank balance was $1,513,749. Collateral is required for all of the Town's deposits and shall be secured by pledged collateral with a fair value of no less than 103 percent of the principal, plus accrued interest, less an amount insured by federal deposit insurance. The Town authorized that collateral be in the form of U.S. Treasury obligations (fully and unconditionally guaranteed as to principal and interest by the full faith and credit of the United States), obligations of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or a Federal Home Loan Bank letter of credit and FDIC coverage. Bank deposits are fully insured, or collateralized, with securities held by the Town's agent in the Town's name. The Town had $162,173,045 invested in public funds investment pools included in this report as cash and cash equivalents.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m, or

an equivalent rating by at least one nationally recognized rating service; and 3) maintain the fair value of its underlying investment portfolio within one-half of one percent of the value of its shares.

The Town deposits collections from all sources in interest bearing accounts established for each fund. Excess cash may be invested in obligations of the U.S. Treasury, U.S. Agencies, fully collateralized repurchase agreements, eligible municipal investment pools, no-load money market funds (regulated by the Securities and Exchange Commission) and certificates of deposit. The Town's Investment Policy, which is governed by state statutes and Town resolution, authorizes the investment instruments previously listed. The investments reported at September 30, 2025, were similar to those held during the fiscal year.

The Town has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). Investments that have a remaining maturity at the time of purchase in excess of one year are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

The Town has investments in government pools at September 30, 2025 totaling $162,173,045. The government investment pool, TexPool, is carried at amortized cost. TexSTAR and Texas CLASS are carried at net asset value.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2025, the Town has investments of $89,832,626 (Level 1 inputs) valued by a pricing service which uses an estimation process that values securities at the closing price reported on the active market on which the individual securities are traded.

At September 30, 2025, the Town had the following cash equivalents and investments:

	Carrying Value	Weighted Avg Maturity (Days)
Primary Government:		
State Wide Investment Pools	$ 162,173,045	34
Treasuries	89,832,626	215
Total Primary Government	$ 252,005,671	77

The amounts for the Investment Pools (TexPool, TexasCLASS and TexSTAR) are included for financial reporting purposes in cash and cash equivalents. The Investment Pools qualify to be valued at amortized cost or net asset value and have no limitations or restrictions on withdrawals.

Interest rate risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the Town's investment policy establishes the portfolio's maximum average dollar-weighted maturity, per pooled fund group, is 365 days for the operating funds, 180 days for the

debt service funds, 730 days for the debt service reserve fund, 90 days for the special revenue funds and 365 days for the capital project funds.

Credit risk. The Town's investment policy, in conjunction with State law, specifies the type of credit rating of all authorized investments. The Town's investments in U.S. Agency securities include Federal Home Loan Bank (FHLB) security, which is rated AA+ by Standard's & Poor's and Aaa by Moody's Investors Service. On September 6, 2008, the Federal Housing Finance Agency (FHFA) was appointed as conservator of FNMA and FHLMC. The obligations of the agencies will be paid in the normal course of business during the conservatorship. The Treasury Department, through a secured lending credit facility and a senior preferred stock purchase agreement, has significantly enhanced the ability of FNMA and FHLMC to meet their obligations. FHFA does not anticipate that there will be any disruption in FNMA and FHLMC's pattern of payments or ongoing business operations. The investments in TexPool, TexasCLASS and TexSTAR carry a rating of AAAm by Standard and Poor's.

Concentration of credit risk. With the exception of U.S. Treasury securities and certificates of deposit, the Town's investment policy limits the amount that may be invested in any one issuer to a percentage of the total investment portfolio, 75% in U.S. Agencies, 70% in local government investment pools and 10% in local government obligations. As of September 30, 2025, 5% or more of the Town's total investments are in the following: TexPool (17.42%), TexSTAR (22.39%), TexasCLASS (24.03%), and Treasury Securities (35.61%), on a fair value basis.

Oversight for TexPool, TexSTAR, and TexasCLASS. Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Hermes, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

The Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools. TexSTAR is administered by JP Morgan Investment Management, Inc. and Hilltop Securities and is rated AAAm by Standard and Poor's.

Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust ("the Trust") is a Participant controlled trust created in accordance with the Texas Public Funds Investment Act, Section 2256.0017 and was established for participating Texas municipalities on January 1, 1996 under the trust agreement (the "Trust Agreement"). Texas CLASS commenced operations on April 12, 1996 and Texas CLASS Government commenced operations on December 1, 2016. Both portfolios in the Trust are available for investment by Texas municipalities, school districts and public agencies. The purpose of the Trust is to enable such entities to cooperate in the investment of their available funds. The Trust operates like a money market mutual fund with each share valued at $1.00. The Trust is an investment company and follows the accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 946. Texas CLASS and Texas CLASS Government are both rated AAAm by S&P Global Ratings. The Town participates in Texas CLASS Government.

3. RECEIVABLES

Receivables at September 30, 2025, for the Town's individual major funds and other funds (non-major funds, internal service funds), in the aggregate, including the applicable allowances for uncollectible accounts, are shown below.

	General	Debt Service	General Capital Projects	Enterprise Fund	Other Funds
Receivables					
Taxes	$ 235,414	$ 21,000	$ -	$ -	$ -
Accounts	2,595,826	-	685	6,135,882	787,759
Franchise fees	2,398,781	-	-	-	18,098
Unbilled services	-	-	-	3,000,662	-
Accrued interest	573,519	-	31,182	-	-
Intergovernmental	27,798	-	499,807	-	243,640
Other taxes	3,050,874	-	-	-	3,047,750
Leases	1,350,638	-	-	-	-
Gross receivables	10,232,850	21,000	531,674	9,136,544	4,097,247
Less: allowance	(903,020)	(4,219)	-	(1,032,524)	-
Net total receivables	$ 9,329,830	$ 16,781	$ 531,674	$ 8,104,020	$ 4,097,247

Governmental funds report unavailable and unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue are reported as deferred inflows and unearned revenue are reported as a liability. The details of unavailable revenue are shown below.

	Unavailable
Delinquent property taxes receivable (general fund)	$ 211,534
Municipal court receivable (general fund)	154,612
Franchise fee receivable (general fund)	1,125,000
Ambulance revenues (general fund)	308,265
Grant receivables (general fund)	27,798
Delinquent property taxes receivable (debt service fund)	17,514
Grant receivables (non-major funds)	113,961
Interlocal reimbursement receivable (capital projects fund)	199,112
	$ 2,157,796

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of interfund receivables and payables at September 30, 2025 is as follows:

Due to Fund	Due From Fund	Amount	Purpose
Nonmajor Governmental	Nonmajor Governmental	$219,114	Short-term funding-intergovernmental receivable
	Total	$219,114	

There was an interfund balance at September 30, 2025 between the Park Development and TPWD Grant funds of $158,462 and a $60,652 interfund balance between the COVID-19 fund and the following funds: CDBG-HUD Grant and the Grants Fund. These are due to timing of receipts for amounts spent in advance. All are expected to be repaid within one year.

Transfers between funds during the year were as follows:

Transfers From	Transfers To	Amount	Reason
Nonmajor Governmental Fund	General Fund	$ 300,000	CDC operation & maintenance
Nonmajor Governmental Fund	General Debt Service Fund	271,250	Twin Coves park
Nonmajor Governmental Fund	Enterprise Fund	400,000	For vehicle purchase
Internal Service Fund	Enterprise Fund	683,631	Vehicle purchases
General Fund	Capital Projects Fund	150,000	Sidewalk links program
General Fund	Capital Projects Fund	115,000	Streetlight program
General Fund	Capital Projects Fund	95,000	Traffic Signal Preemption Upgrade
General Fund	Capital Projects Fund	90,000	Roadway Amenities project
General Fund	Capital Projects Fund	200,000	Traffic Detection Rehabilitation project
General Fund	Nonmajor Governmental Fund	23,109	Bulletproof Vest Grant match
		$ 2,327,990	

The Internal Service Fund purchased $4,554,226 of capital assets for the governmental activities. As a result of the transfer of the related capital assets, the Internal Service Fund reports the transfer of capital assets as a contribution of capital assets to the governmental activities in the proprietary fund statements. These amounts are reported as transfers in the government-wide financial statements.

4. CAPITAL ASSETS

Capital asset balances, including subscription assets, and activity for the year ended September 30, 2025, are summarized as follows:

Governmental activities:	Balance at October 1, 2024	Additions	Retirements/ Transfers	Balance at September 30, 2025
Capital assets not being depreciated:				
Land	$ 45,132,925	$ -	$ -	$ 45,132,925
Construction in progress	45,825,059	24,241,875	(15,491,409)	54,575,525
Total capital assets not being depreciated	90,957,984	24,241,875	(15,491,409)	99,708,450
Capital assets being depreciated/amortized:				
Buildings	113,255,773	236,993	-	113,492,766
Streets and bridges	481,280,657	10,170,362	8,109,941	499,560,960
Improvements	54,350,060	-	4,200,804	58,550,864
Equipment	39,545,503	5,970,558	(2,084,810)	43,431,251
Subscription right-of-use assets	2,208,202	48,081	(60,079)	2,196,204
Total capital assets being depreciated/amortized	690,640,195	16,425,994	10,165,856	717,232,045
Less accumulated depreciation/Amortization for:				
Buildings	34,717,360	3,441,541	-	38,158,901
Streets and bridges	315,949,117	12,056,945	-	328,006,062
Improvements	24,025,250	2,617,473	-	26,642,723
Equipment	20,151,172	3,380,479	(2,206,852)	21,324,799
Subscription right-of-use assets	842,512	559,696	(60,079)	1,342,129
Total accumulated depreciation/amortization	395,685,411	22,056,134	(2,266,931)	415,474,614
Total capital assets, being depreciated/amortized, net	294,954,784	(5,630,140)	12,432,787	301,757,431
Governmental activities capital assets, net	$ 385,912,768	$ 18,611,735	$ (3,058,622)	$ 401,465,881

Business-type activities:	Balance at October 1, 2024	Additions	Retirements/ Transfers	Balance at September 30, 2025
Capital assets not being depreciated:				
Land	$ 4,419,755	$ -	$ -	$ 4,419,755
Construction in progress	26,136,362	14,529,799	(11,779,420)	28,886,741
Total capital assets not being depreciated	30,556,117	14,529,799	(11,779,420)	33,306,496
Capital assets being depreciated/amortized:				
Buildings	53,771,771	-	-	53,771,771
Distribution System	294,996,436	4,338,355	11,779,420	311,114,211
Equipment	4,870,330	1,113,380	(313,812)	5,669,898
Subscription right-of-use assets	73,238	80,952	-	154,190
Total capital assets being depreciated/amortized	353,711,775	5,532,687	11,465,608	370,710,070
Less accumulated depreciation/amortization for:				
Buildings	26,344,119	1,179,994	-	27,524,113
Distribution System	116,530,180	8,585,175	-	125,115,355
Equipment	3,222,759	369,636	(313,812)	3,278,583
Subscription right-of-use assets	66,524	39,776	-	106,300
Total accumulated depreciation/amortization	146,163,582	10,174,581	(313,812)	156,024,351
Total capital assets, being depreciated/amortized, net	207,548,193	(4,641,894)	11,779,420	214,685,719
Business-type activities capital assets, net	$ 238,104,310	$ 9,887,905	$ -	$ 247,992,215

Governmental activities include $3,660,072 of the total $40,667,869 additions of capital assets acquired through the use of debt. Business-type activities include $9,826,099 of the total $20,062,486 in additions of capital assets acquired through the use of debt.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Development services	$ 12,658
Library services	457,015
Parks and recreation services	3,432,923
Police services	1,316,131
Financial services	1,245,204
Administrative services	99,659
Fire and emergency services	2,303,528
Communications	19,110
Public Works	12,610,210
Total depreciation expense-governmental activities	$ 21,496,438

Amortization expense was charged to functions/programs as follows:

Governmental Activities:	
Administrative services	$ 408,871
Police services	126,212
Financial services	9,854
Fire and emergency services	14,759
Total amortization expense-governmental activities	$ 559,696

Outstanding commitments at September 30, 2025, under authorized construction contracts were approximately $18,588,074. These outstanding commitments are to be financed by available cash and investment balances, which include proceeds from previous bond issuances.

Outstanding Commitments	
TIRZ	$ 1,434,145
Park Development	1,093,613
Street Maintenance	1,302,193
Parks-4B	484,649
ARPA	147,510
General Projects	2,801,700
Utility System Projects	11,324,264
Total outstanding commitments	$ 18,588,074

5. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources on the government-wide statement of net position are comprised of the following items:

Deferred Charges and Gains on Refundings

- Deferred charge or gain on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price and may be either a gain or a loss. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows and Inflows Related to Pensions and OPEB

- Contributions after measurement date – Town contributions made from the evaluation date, December 31st to the fiscal year end, which are deferred and recognized in the following fiscal year.
- Difference in actual experience and actuarial assumption – difference in the actuarial economic and demographic assumptions and actual experience on liabilities. These losses and gains are deferred and recognized over the remaining estimated average service lives of all members determined as of the measurement date.
- Changes in actuarial assumption – difference arising due to assumption changes. These losses and gains are deferred and recognized over the remaining estimated average service lives of all members determined as of the measurement date.
- Investment gains/losses – difference in projected and actual earning on assets. These losses and gains are combined and deferred and amortized over a closed 5-year period.

Deferred Inflows Related to Leases

- This amount is initially an offset to Leases Receivable recorded at lease commencement, and subsequently, recognized as revenue over the life of the lease term.

A summary of changes in deferred outflows and inflows of resources is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Deferred outflows:				
Net charges on refundings	$ 78,444	$ -	$ (66,711)	$ 11,733
Pension contributions after measurement date	4,121,842	5,926,119	(4,121,842)	5,926,119
Pension losses-actuarial assumptions and experience	1,600,647	2,029,598	(1,161,603)	2,468,642
Pension losses/(gains)-plan investments	3,890,697	-	(5,971,000)	(2,080,303)
OPEB contributions after measurement date	98,007	55,441	(98,007)	55,441
OPEB losses-actuarial assumptions and experience	2,116,995	351,380	(389,857)	2,078,518
Deferred inflows:				
Pension gains-actuarial assumptions and experience	350,157	-	(120,207)	229,950
OPEB gains-experience and actuarial assumptions	1,016,277	-	(178,561)	837,716
Leases	1,124,685	543,550	(301,177)	1,367,058
Business-type activities:				
Deferred outflows:				
Pension contributions after measurement date	509,441	732,440	(509,441)	732,440
Pension losses-actuarial assumptions and experience	197,833	250,849	(143,569)	305,113
Pension losses/(gains)-plan investments	480,872	-	(737,989)	(257,117)
OPEB contributions after measurement date	12,113	6,851	(12,113)	6,851
OPEB losses-actuarial assumptions and experience	261,650	43,429	(48,186)	256,893
Deferred inflows:				
Net gains on refundings	$ 242,929	$ -	$ 2,710	$ 245,639
Pension gains-actuarial assumptions and experience	43,278	-	(14,858)	28,420
OPEB gains-actuarial assumptions and experience	125,606	-	(22,070)	103,536

6. LONG TERM DEBT

On October 21, 2024, the Town issued $2,500,000 in Tax Notes, 2024 (Notes) for private placement with Texas Capital bank, which will pay for the contractual obligations incurred acquiring, upgrading and installing building improvements, security systems and lighting system improvements and information technology equipment for administrative office buildings of the Town housing the fleet maintenance, police, fire, parks and recreation departments and Town Hall, (ii) constructing, improving, renovating and equipping the Town library facilities, (iii) constructing renovations to Town Hall, an administrative office building housing governmental functions of the Town, (iv) constructing and improving streets, including drainage, signage equipment, traffic signalization, landscaping, curbs, gutters and sidewalks, (v) improving park and recreation facilities, (vi) acquiring equipment for the fleet maintenance department and professional services rendered in connection therewith. The Notes were subject to redemption prior to maturity, at the option of the Town, in whole or in part, on and after September 1, 2025, at the redemption price of par plus accrued interest to the date of redemption. On August 4, 2025, the Town Council approved a redemption resolution which occurred on September 2, 2025, for $510,736.

On June 2, 2025, the Town issued $18,525,000 in Certificates of Obligation Series, 2025, which will pay for the contractual obligations incurred for constructing waterworks and sewer system improvements and extensions, including the acquisition of land and rights-of-way therefor, acquiring, designing, constructing, equipping and improving fire-fighting facilities and professional services rendered in connection therewith.

Governmental Activities:

Long-term debt of the Town consists of general obligation bonds, certificates of obligation, tax notes obligations, obligations under compensated absence agreements, and long-term liabilities arising from subscription-based information technology arrangements. General obligation bonds, certificates of obligation, and tax notes retirement is provided from the debt service tax, together with interest earned within the Debt Service Fund.

The Town's outstanding general obligation bonds are as follows:

Series	Outstanding
2014A Refunding	$ 875,000
2016 Refunding	2,105,000
2020 Refunding	1,490,000
2023 Refunding	1,380,000
	$ 5,850,000

The debt service requirements of general obligation bonds are as follows:

Due Fiscal Year Ending	Principal General Obligation Bonds	Interest	Total
2026	$ 2,340,000	$ 204,650	$ 2,544,650
2027	1,500,000	122,000	1,622,000
2028	600,000	78,450	678,450
2029	500,000	54,800	554,800
2030	330,000	36,475	366,475
2031-2033	580,000	44,500	624,500
Total	$ 5,850,000	$ 540,875	$ 6,390,875

The Town's outstanding certificates of obligation are as follows:

Series	Outstanding
2014	$ 245,000
2015	1,260,000
2015A	675,000
2016	2,515,000
2017	1,190,000
2017A	9,270,000
2018	1,345,000
2018A	4,590,000
2019	4,785,000
2024	375,000
2025	5,010,000
	$ 31,260,000

The debt service requirements of certificates of obligation are as follows:

Due Fiscal Year Ending	Principal Certificates of Obligation	Interest	Total
2026	$ 9,095,000	$ 1,252,117	$ 10,347,117
2027	1,635,000	907,844	2,542,844
2028	1,925,000	828,469	2,753,469
2029	2,010,000	742,053	2,752,053
2030	2,105,000	652,875	2,757,875
2031-2035	9,115,000	2,083,519	11,198,519
2036-2040	5,270,000	320,475	5,590,475
2041-2045	105,000	8,700	113,700
Total	$ 31,260,000	$ 6,796,051	$ 38,056,051

The Town's outstanding tax notes are as follows:

Series	Outstanding*
2024	$ -
	$ -

*Series redeemed 9/2/2025 in full $510,736.

Business-type Activities:

Enterprise long-term debt of the Town consists of general obligation bonds and certificates of obligation. Retirement is provided primarily from the revenues or earnings of the Town's Enterprise Fund.

The Town's Utility System's outstanding general obligation bonds are as follows:

Series	Outstanding
2014A Refunding	$ 110,000
2016 Refunding	2,310,000
2020 Refunding	760,000
2021 Refunding	1,185,000
2023 Refunding	4,070,000
2024 Refunding	3,050,000
	$ 11,485,000

The debt service requirements of the Utility System's general obligation bonds are as follows:

Due Fiscal Year Ending	Principal	Interest	Total
2026	$ 2,175,000	$ 479,975	$ 2,654,975
2027	2,150,000	388,475	2,538,475
2028	1,195,000	318,950	1,513,950
2029	850,000	273,350	1,123,350
2030	890,000	233,600	1,123,600
2031-2035	4,225,000	438,350	4,663,350
Total	$ 11,485,000	$ 2,132,700	$ 13,617,700

The Town's Utility System's outstanding certificates of obligation are as follows:

Series	Outstanding
2012	$ 2,875,000
2014	7,730,000
2015A	1,260,000
2016	5,470,000
2017A	5,895,000
2018A	2,895,000
2019	16,205,000
2020	6,485,000
2021	7,780,000
2022	7,710,000
2023	6,965,000
2024	6,770,000
2025	13,515,000
	$ 91,555,000

The debt service requirements of the Utility System's certificates of obligation are as follows:

Due Fiscal Year Ending	Principal	Interest	Total
2026	$ 4,700,000	$ 3,780,093	$ 8,480,093
2027	5,005,000	3,464,556	8,469,556
2028	5,630,000	3,243,813	8,873,813
2029	5,865,000	3,004,475	8,869,475
2030	6,115,000	2,755,194	8,870,194
2031-2035	29,895,000	9,941,388	39,836,388
2036-2040	24,290,000	4,200,344	28,490,344
2041-2045	10,055,000	865,225	10,920,225
Total	$ 91,555,000	$ 31,255,086	$ 122,810,086

A summary of changes in long-term liabilities for the year ended September 30, 2025 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 10,670,000	$ -	$ (4,820,000)	$ 5,850,000	$ 2,340,000
Certificates of obligations	30,200,000	5,010,000	(3,950,000)	31,260,000	9,095,000
Tax Notes	-	2,500,000	(2,500,000)	-	-
Bond premiums/discounts	3,910,430	70,841	(760,477)	3,220,794	764,019
Total bonds payable	44,780,430	7,580,841	(12,030,477)	40,330,794	12,199,019
Compensated absences	6,258,413	502,591		6,761,004	3,985,099
Total OPEB Liability	5,802,029	812,898	-	6,614,927	210,801
Net pension liability	21,732,228	15,785,537	-	37,517,765	-
Subscription liability	1,197,863	48,082	(551,879)	694,066	402,249
Governmental activity Long-term liabilities	$ 79,770,963	$ 24,729,949	$ (12,582,356)	$ 91,918,556	$ 16,797,168
Business-type activities:					
General obligation bonds	$ 13,640,000	$ -	$ (2,155,000)	$ 11,485,000	$ 2,175,000
Certificates of obligations	82,225,000	13,515,000	(4,185,000)	91,555,000	4,700,000
Bond premiums/discounts	8,688,144	681,974	(792,021)	8,578,097	826,120
Total bonds payable	104,553,144	14,196,974	(7,132,021)	111,618,097	7,701,120
Compensated absences	547,283	105,716		652,999	412,793
Total OPEB Liability	717,105	100,470	-	817,575	26,054
Net pension liability	2,686,005	1,951,021	-	4,637,026	-
Subscription liability	-	80,952	(40,946)	40,006	40,006
Business-type activity Long-term liabilities	$ 108,503,537	$ 16,435,133	$ (7,172,967)	$ 117,765,703	$ 8,179,973

Compensated absences liabilities are based on the assignment of an employee within a fund and are presented as a net amount in accordance with GASB Statement No. 101. Other postemployment benefits are liquidated from the Health Insurance and Flexible Benefit internal service fund, with the retiree subsidy amounts paid by the General Fund.

8. RISK MANAGEMENT

Effective January 1, 1993, the Town established a partially self-funded trust plan which offers medical, dental, vision, long-term life insurance and disability coverage to employees and their dependents. The Town maintains excess loss insurance which limits annual claims paid from the plan to a maximum of $160,000 for any individual claim and an aggregate amount of 125% of expected claims. Blue Cross Blue Shield of Texas, a third-party administrator, is employed by the plan to administer claims. Trustees have been appointed to receive employer and employee contributions and to disburse payments to the providers of the plan. Costs relating to the plan are recorded in an Internal Service Fund. Revenue is recognized from employee payroll deductions and from Town contributions for employee and dependent coverage.

Changes in the claims liability amount were:

	2025	2024
Unpaid claims at beginning of fiscal year	$1,495,799	$ 1,427,837
Claims incurred and changes in estimates	9,830,018	7,247,797
Payments	(9,373,090)	(7,179,835)
Unpaid claims at end of fiscal year	$1,952,727	$ 1,495,799

All claims are due within one year.

Liability and property insurance coverage is provided by TML Intergovernmental Risk Pool. The Town retains, as a risk only, the deductible amounts for each declaration of coverage. There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

The Town is a member of the Texas Municipal League Intergovernmental Risk Pool. Insurance coverage of the Town is divided into the following types: real and personal property, mobile equipment, boiler and machinery, general liability, law enforcement liability, errors and omissions liability, automobile liability, automobile physical damage, automobile catastrophe, crime, public official liability, employee benefits liability, and worker's compensation.

9. TAX ABATEMENTS

The Town enters into economic development agreements designed to promote development and redevelopment within the Town, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the Town. These programs rebate or abate property, sales and hotel taxes and also include incentive payments and/or reduction in fees that are not tied to taxes. The Town's Economic Development Agreements are authorized under Chapter 380 of the Texas Local Government Code, Chapter 312 (Property Redevelopment and Tax Abatement Act), and Chapter 311 (Tax Increment Financing Act) of the Texas Tax Code.

The Town has three categories of economic development agreements:

- Tax Abatements - Property taxes can be abated starting at 20% and is negotiable for up to 10 years. The amount rebated is dependent on the minimum capital investment, the total number of full-time equivalents added to the local workforce, annual salaries of those employees, and environmentally conscious efforts. For fiscal year ending September 30, 2025, the Town abated $43,987,297 in real and/or personal property value, resulting in $170,353 in abated taxes.

- General Economic Development – The Town enters into economic development agreements under Chapter 380 of the Texas Local Government code to stimulate economic development. These agreements authorize the rebate of varying percentages of real and/or personal property taxes, a portion impact fees, permit waivers, or other expenses related to relocation costs, tenant finish-outs, and infrastructure. For fiscal year ending September 30, 2025, the Town rebated $179,923 in property taxes and $913 in sales taxes.

- Tax Increment Financing – The Town has two active Tax Increment Reinvestment Zones (TIRZ #1 and TIRZ #2) under Chapter 311 of the Texas Tax Code. The TIRZ #1 2025 Annual Report identified an ending fund balance of $26,826,593, after total revenue of $8,635,459 and total expenditures of $6,196,521. TIRZ #2 does not currently have a fund balance, because the fund was newly created and the Town has not yet billed the County.

All incentive agreements (Chapter 380 and Tax Abatement Agreements) contain repayment (recapture) language, requiring the incentive recipient to refund the incentives if the recipient does not meet their contractual obligations outlined in the agreement. Obligations of incentive recipients vary, but typically include a timing deadline with regard to completion of construction, a deadline to receive a certificate of occupancy for the facility being incentivized, a minimum number of jobs (if the business is known), or a minimum taxable value, etc. Incentive recipients are to be notified of the default of their performance and given the opportunity to cure the default within a defined timeframe. If the default cannot be cured, then the recipient shall repay the amount of the incentive to the Town.

10. COMMITMENTS AND CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the Town. In the opinion of Town management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the Town's financial position, result of operations, or cash flows.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e. purchase orders). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year in the General Fund were $280,208.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town contracts with the Upper Trinity Regional Water District (UTRWD), a conservation and reclamation district whereby the District finances, constructs, operates and maintains water treatment facilities for the benefit of the Town. Under the current contract (which expires May 2022 or when the Bonds issued by UTRWD for the system have been paid in full, whichever is later) the Town agrees to purchase an agreed upon minimum of wholesale treated water service for resale at the rate established annually by UTRWD based on the Town's proportionate share of the annual requirement, and the Town is unconditionally liable to purchase the annual minimum regardless of the needs of the Town. The Town made $22,819,671 in payments to UTRWD in the current fiscal year.

On February 22, 2011 Trinity River Authority of Texas (TRA), issued $4,735,000 of Town of Flower Mound Wastewater Transportation Contract Revenue Bonds, Series 2011 maturing August 1, 2030, for the purpose of design, acquisition and construction of the Town's portion of the Graham Branch Wastewater Transportation System Phase II. The project consists of a lift

station and force main used to transport wastewater from the towns of Flower Mound, Argyle, and Northlake to the TRA Denton Creek Regional Wastewater System. TRA will acquire, construct, own, and operate the facilities. The Town is responsible to pay monthly installments equal to the annual payment sufficient for TRA to meet its bond service requirements. In addition to these payments the Town is separately contracted to pay operation and maintenance costs of the project. The Town made $802,874 in payments to TRA in the current fiscal year.

11. DEFINED BENEFIT PENSION PLAN

Plan Description

The Town participates as one of 942 plans in the defined benefit cash-balance plan administered by Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated based on the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's contributions and interest.

The plan provisions are adopted by the Town Council, within the options available in the state statutes governing TMRS. Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The plan also provides death benefits, and disability benefits. Effective January 1, 2002, members are vested after 5 years.

A Summary of plan provisions adopted by the Town as of December 31, 2024 is as follows:

Employee deposit rate	7.0%
Matching ratio (Town to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (age / years of service)	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase to retirees	30% of Consumer Price Index (CPI)

Employees covered by benefit terms:

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms	
Inactive employees or beneficiaries currently receiving benefits	369
Inactive employees entitled to but not yet receiving benefits	577
Active Employees	628
	1,574

Contributions

Member contribution rates in TMRS are either 5%, 6%, 7%, or 8% of the member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the Town of Flower Mound were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 16.10% and 11.53% in calendar years 2025 and 2024, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were $8,611,928 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and

beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence, to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021, with immediate convergence, to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of arithmetic rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.1%
Core Fixed Income	6.0%	5.0%
Non-Core Fixed Income	6.0%	6.8%
Real Estate	12.0%	6.7%
Infrastructure	6.0%	6.0%
Hedge Funds	5.0%	6.4%
Private Equity	13.0%	8.5%
Private Debt	13.0%	8.2%
Other Private Markets	4.0%	7.3%
Total	100.0%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	$ 213,677,152	$ 189,258,919	$ 24,418,233
Changes for the year:			
Service cost	9,563,845	-	9,563,845
Interest	15,821,975	-	15,821,975
Change of benefit terms	20,092,932	-	20,092,932
Difference between expected and actual experience	2,280,447	-	2,280,447
Changes of assumptions	-	-	-
Contributions- employer	-	6,463,601	(6,463,601)
Contributions- employee	-	4,004,002	(4,004,002)
Net investment income	-	19,684,105	(19,684,105)
Benefits payments, including refunds of employee contributions	(8,304,758)	(8,304,758)	-
Administrative expense	-	(126,118)	126,118
Other changes	-	(2,949)	2,949
Net Changes	$ 39,454,441	$ 21,717,883	$ 17,736,558
Balance at 12/31/2024	$ 253,131,593	$ 210,976,802	$ 42,154,791

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate	Discount Rate (6.75%)	1% Increase in Discount Rate
Town's net pension liability	$ 80,109,844	$ 42,154,791	$ 11,075,563

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by participating city and may be obtained at www.tmrs.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2025, the Town recognized pension expense of $29,798,809.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 2,773,755	$ 19,893
Changes in actuarial assumptions	-	238,477
Difference between projected and actual investment earnings	-	2,337,420
Contributions subsequent to the measurement date	6,658,559	-
Total	$ 9,432,314	$ 2,595,790

$6,658,559 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended September 30,	
2026	$ 1,060,278
2027	2,977,080
2028	(2,477,569)
2029	(1,381,824)
Total	$ 177,965

12. OTHER POST-EMPLOYMENT BENEFITS

The Town provides for two post-employment benefit (OPEB) plans; one provides for postemployment healthcare through a single-employer defined benefit healthcare plan (Retiree Health Care Plan-OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single employer defined benefit OPEB plan. Both plans are described in detail.

Aggregate amounts for the two OPEB plans are as follows:

	Healthcare OPEB	TMRS SDBF	Total
Total OPEB Liability	$ 5,933,371	$ 1,499,131	$ 7,432,502
Deferred outflows of resources	2,185,438	212,265	2,397,703
Deferred inflows of resources	408,843	532,409	941,252
OPEB Expense	749,332	69,842	819,174

TMRS Supplemental Death Benefits Fund

Plan Description

The Town voluntarily participates in a single-employer, defined benefit other post-employment benefit (OPEB) plan administered by TMRS. The plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the Town's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to Town employees who are active members in TMRS, including or not including retirees. The Town Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	236
Inactive employees entitled to but not yet receiving benefits	118
Active employees	628
Total	982

Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rates were 0.20% and 0.23% of annual covered payroll for 2025 and 2024, respectively, of which 0.06% and 0.05% in 2025 and 2024, respectively, represented the retiree-only portion for each year. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The Town's contributions to the retiree portion of the SDBF for the years ended September 30, 2025 and 2024 were $33,234 and $29,410 respectively, representing required contributions each year for retirees.

Actuarial Assumptions and Other Inputs

The total SDBF OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.50% per annum
Actuarial cost method	Entry age normal
Discount rate	4.08 %
Projected salary increases	3.60% to 11.85% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are accounted for under the reporting requirements under GASB Statement No. 68.

Mortality rates for active members are based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale UMP MP-2021 to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan, and as such, a single discount rate of 4.08% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate, based on the Bond Buyer “20-Bond GO Index” rate closest to, but no later than December 31, 2024.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used in measuring the total OPEB liability.

	1% Decrease in Discount Rate	Discount Rate (4.08%)	1% Increase in Discount Rate
Total OPEB Liability	$ 1,813,235	$ 1,499,131	$ 1,255,715

OPEB Liability, Expense, and Deferred Outflows of Resources Related to OPEBs

The Town’s total OPEB liability of $1,499,131 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date. For the year ended September 30, 2025,

the Town recognized OPEB expense of $69,842. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	$ 1,496,447
Changes for the year:	
Service cost	80,080
Interest	57,386
Difference between expected and actual experience	(17,294)
Changes of assumptions and other inputs	(88,888)
Benefit payments	(28,600)
Net changes	2,684
Balance at 12/31/2024	$ 1,499,131

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% to 4.08%.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 14,403	$ 61,385
Changes in actuarial assumptions	172,735	471,024
Contributions subsequent to the measurement date	25,127	-
Totals	$ 212,265	$ 532,409

$25,127 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2026	$(71,094)
2027	(92,787)
2028	(116,205)
2029	(51,139)
2030	(13,698)
Thereafter	(348)
Total	$(345,271)

Retiree Health Care Plan

Plan Description

The Town provides health care benefits through a single-employer defined benefit healthcare plan for all regular full-time employees who retire after December 31, 2006 and meet minimum retirement age of 60 and have been employed by the Town for five years continuously prior to retirement or have twenty years or more of service at any age.

Benefits Provided

The Retiree Health Care Plan provides medical and dental coverage for those employees that meet the eligibility requirements and opt into the plan at retirement. Employees who become disabled are not eligible for retiree health care benefits. The spouse of a current employee can continue to receive coverage when the employee retires if the spouse was covered at the time of retirement, and the retiring employee meets the previously outlined criteria for continued coverage, and the retiring employee continues to elect (and pay for) coverage for the dependent at open enrollments. The spouses of all future retirees can continue to receive coverage under these circumstances, assuming the current policy remains unchanged. Retirees who decide to opt-out of the health care plan are not eligible to opt back in. Survivors of employees who die while actively employed are not eligible for retiree health care benefits, unless the employee was a Public Safety Officer.

The number of employees currently covered by the benefit terms is as follows:

Retirees and Beneficiaries	9
Inactive, Nonretired Employees	-
Active Employees	603
Total	612

Contributions

Currently the retiree contributes 100% of the blended healthcare premium for coverage and is also responsible for payment of premiums for any dependent coverage. Beginning January 1, 2015, the contribution rates for retirees and their dependents are based upon the retiree premium rates as developed in the most recent actuarial valuation report of the Town's retiree health care plan. Retiree contribution rates for fiscal year 2024-2025 ranged from $833.66 to $2,733.63 per month depending on coverage levels selected. Beginning January 1, 2024, coverage for only dental and vision was no longer offered.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, including a change to the discount rate and updated health care trend rates:

Inflation rate	2.50%
Actuarial cost method	Individual Entry Age Normal
Discount rate	4.08% as of December 31, 2024 (3.77% in prior year)
Projected salary increases	3.60% to 11.85% including inflation

Administrative expenses for the Retiree Health Care Plan are recognized on a pay-as you-go basis.

For mortality rates for healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.

Health Care trend rates were estimated using an initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.

Participation rates assumed that 25% of those eligible for a service-based subsidy and 0% of those without a service-based subsidy would elect coverage. No employees retiring prior to the age of 50 were assumed to maintain their health coverage through the Town's plan, except those retiring through TMRS disability retirement. All retirees are assumed to discontinue coverage upon reaching eligibility for Medicare.

The actuarial demographic assumptions used in the December 31, 2024 valuation were based on the results of a 2023 actuarial experience study conducted for the Texas Municipal Retirement System (TMRS).

Discount Rate

Because the Retiree Health Care plan is essentially a "pay-as-you-go" plan and does not have formal assets, the discount rate is equal to the rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.08% based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index".

Discount Rate Sensitivity Analysis

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability calculated using a discount rate of 4.08%, as well as what the plan's total OPEB liability would be if the discount rate used is one percent lower or 1 percent higher:

	1% Decrease 3.08%	Discount Rate (4.08%)	1% Increase 5.08%
Total OPEB Liability	$ 6,557,212	$ 5,933,371	$ 5,372,863

Healthcare Cost Trend Rate Sensitivity Analysis

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease in Health Care Trend Rate	Current Health Care Trend Rate Assumption	1% Increase in Health Care Trend Rate
Total OPEB Liability	$ 5,245,562	$ 5,933,371	$ 6,752,209

OPEB Liability, Expense, and Deferred Outflows of Resources Related to OPEBs

The Town's total OPEB liability of $5,933,371 was measured as of December 31, 2024, and was determined by an actuarial valuation as of December 31, 2024. For the year ended September 30, 2025, The Town recognized OPEB expense of $749,332. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	$ 5,022,687
Changes for the year:	
Service cost	306,582
Interest	194,482
Difference between expected and actual experience	202,133
Changes of assumptions and other inputs	242,090
Benefit payments	(34,603)
Net changes	910,684
Balance at 12/31/2024	$ 5,933,371

Changes in assumptions and other inputs reflect a change in the discount rate from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024 and revised healthcare trend rates to reflect the plan's anticipated experience.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,064,621	$ 386,550
Changes in actuarial assumptions	1,083,652	22,293
Contributions subsequent to the measurement date	37,165	-
Totals	$ 2,185,438	$ 408,843

$37,165 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2026	$ 248,268
2027	239,416
2028	268,233
2029	323,019
2030	279,258
Thereafter	381,236
Total	$ 1,739,430

13. LEASES

Lessor – The Town recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental funds financial statements.

The Town measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts. The Town uses the lessee's rate or the rate disclosed in the agreement. If the rate is not readily available, the Town uses its estimated incremental borrowing rate over a similar term as the discount rate. The lease term includes the non-

cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease receivable – The Town is lessor of cell sites with leases of varying terms between one and eleven years at September 30, 2025. The Town recognized $353,249 in lease and interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the Town's receivable for lease payments was $1,350,638. Also, the Town has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of September 30, 2025, the balance of the deferred inflow of resources was $1,367,058.

14. SUBSCRIPTIONS

The Town has various subscriptions that meet the requirements of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, including software for general office use, document management, work order processing, procurement, recruiting, project management, geographic information system, data backup management, public safety video systems and dashboard, and emergency management. As of September 30, 2025, the subscriptions have fixed, periodic payments over the subscription terms which range from one year to four years and expire no later than fiscal year 2028.

Future subscriptions payments as of September 30, 2025 are as follows:

Fiscal Year	Governmental Activities			Business-type Activities		
Ending	Principal	Interest	Total	Principal	Interest	Total
2026	$ 402,249	$ 20,874	$ 423,123	$ 40,006	$ 945	$ 40,951
2027	155,002	9,625	164,627	-	-	-
2028	136,815	4,687	141,502	-	-	-
Total	$ 694,066	$ 35,186	$ 729,252	$ 40,006	$ 945	$ 40,951

15. NEW FINANCIAL REPORTING REQUIREMENTS

The GASB has issued the following potentially significant statements which the Town has not yet adopted, and which require adoption subsequent to September 30, 2025. The Town will evaluate the potential impact on the Town's net position.

Statement No.	Title	Adoption Required
103	*Financial Reporting Model Improvements*	September 30, 2026
104	*Disclosure of Certain Capital Assets*	September 30, 2026
105	*Subsequent Events*	September 30, 2027

Town of Flower Mound, Texas
Required Supplemental Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 79,070,733	$ 79,460,733	$ 74,099,916	$ -	$ 74,099,916	$(5,360,817)
Licenses, permits and fees	1,927,490	1,927,490	1,976,758	-	1,976,758	49,268
Intergovernmental	2,994,615	2,994,615	2,870,393	-	2,870,393	(124,222)
Charges for services	5,347,954	5,347,954	5,398,264	-	5,398,264	50,310
Fines and forfeits	1,136,560	1,136,560	1,784,453	-	1,784,453	647,893
Investment earnings	500,000	900,600	2,080,020	-	2,080,020	1,179,420
Memorials and contributions	-	-	1,050	-	1,050	1,050
Other revenue	514,500	514,500	778,698	-	778,698	264,198
Total Revenues	91,491,852	92,282,452	88,989,552	-	88,989,552	(3,292,900)
EXPENDITURES						
Town manager's office	4,837,885	4,838,305	3,284,567	(4,653)	3,279,914	1,558,391
Legislative services	619,770	619,770	566,052	-	566,052	53,718
Development services	3,033,995	3,033,995	2,849,879	-	2,849,879	184,116
Parks & recreation services	12,345,845	12,550,845	11,344,272	(20,045)	11,324,227	1,226,618
Library Services	2,511,815	2,554,315	2,383,738	(6,338)	2,377,400	176,915
Police services	22,678,563	22,774,204	22,638,497	(66,050)	22,572,447	201,757
Financial services	4,104,015	4,104,015	3,267,637	22,456	3,290,093	813,922
Administrative services	8,721,900	9,848,172	7,927,524	(320,785)	7,606,739	2,241,433
Fire and emergency services	25,043,327	25,093,901	24,394,740	(53,012)	24,341,728	752,173
Communications	964,850	964,850	828,388	-	828,388	136,462
Public works	5,228,415	5,268,515	6,211,499	6,645	6,218,144	(949,629)
Environmental services	1,898,740	1,898,740	1,727,116	8,856	1,735,972	162,768
Debt service	-	-	551,879	-	551,879	(551,879)
Capital projects	-	-	844,920	-	844,920	(844,920)
Total Expenditures	91,989,120	93,549,627	88,820,708	(432,926)	88,387,782	5,161,845
Excess (deficiency) of revenues over (under) expenditures	(497,268)	(1,267,175)	168,844	432,926	601,770	1,868,945
OTHER FINANCING SOURCES (USES)						
Subscription issued	-	-	48,082	-	48,082	48,082
Sale of capital assets	-	-	391,804	-	391,804	391,804
Transfers in	3,952,259	3,952,259	300,000	-	300,000	(3,652,259)
Transfers out	(3,525,750)	(3,895,750)	(673,109)	-	(673,109)	3,222,641
Total other financing sources and uses	426,509	56,509	66,777	-	66,777	10,268
Net change in fund balances	(70,759)	(1,210,666)	235,621	432,926	668,547	1,879,213
Fund balances - beginning	34,631,531	34,631,531	34,631,531	-	34,631,531	-
Fund balances - ending	$ 34,560,772	$ 33,420,865	$ 34,867,152	$ 432,926	$ 35,300,078	$ 1,879,213

Town of Flower Mound, Texas
TIRZ Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 7,635,056	$ 7,635,056	$ 7,588,588	$ -	$ 7,588,588	$(46,468)
Intergovernmental	-	-	-	-	-	-
Investment earnings	400,000	400,000	1,046,871	-	1,046,871	646,871
Total Revenues	8,035,056	8,035,056	8,635,459	-	8,635,459	600,403
EXPENDITURES						
Public works	3,850,723	8,739,183	-	(3,444,700)	(3,444,700)	12,183,883
Debt service						
Principal	2,450,000	2,380,000	2,450,000	-	2,450,000	(70,000)
Interest and fiscal charges	187,350	260,650	187,350	-	187,350	73,300
Capital projects	-	-	3,559,171	-	3,559,171	(3,559,171)
Total Expenditures	6,488,073	11,379,833	6,196,521	(3,444,700)	2,751,821	8,628,012
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,546,983	(3,344,777)	2,438,938	3,444,700	5,883,638	9,228,415
FUND BALANCE, BEGINNING OF YEAR	24,387,655	24,387,655	24,387,655	-	24,387,655	-
FUND BALANCE, END OF YEAR	$ 25,934,638	$ 21,042,878	$ 26,826,593	$ 3,444,700	$ 30,271,293	$ 9,228,415

TOWN OF FLOWER MOUND, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The Town adopts an "appropriated budget" of governmental fund types on the modified accrual basis of accounting by department. The Town is required to present the adopted and final amended budgeted revenues and expenditures. The Town compares the final amended budget to actual revenues and expenditures. The General Fund budget appears on page 79 and other informational budgets are presented in the individual fund statements.

The Town Manager submits to the Town Council, between sixty and ninety days prior to the beginning of each fiscal year, a proposed budget for all funds of the Town. At the meeting of the Town Council at which the budget is submitted, the Town Council determines the time and place of the public hearing on the budget and causes to be published a notice of the budget hearing. After the budget hearing, the budget may be adopted by a favorable vote of three of the members of the Town Council. Upon adoption, the budget is filed with the Town Secretary, the County Clerk of Denton County and the County Clerk of Tarrant County.

During the fiscal year, the Town Council may transfer funds allocated to a department to another department or re-estimate revenue or expenditures. The Town Manager may transfer budgeted funds within a department. Expenses are reconciled at the fund level to ensure operational continuity and flexibility.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that encumbrances are treated as budgeted expenditures in the year of commitment. Unencumbered appropriations at fiscal year end lapse except for multi-year grants and/or projects. For budgeting purposes, encumbrances are treated as expenditures.

During fiscal year 2024-2025, the Town Council of the Town of Flower Mound amended the budget for the General Fund two times. The original expenditure budget was amended to increase the budget by $1,930,507, including transfers-out of $370,000.

Expenditures increased by $756,507 to re-appropriate funds budgeted in prior years for outstanding purchase orders at September 30, 2025.

In the Facilities Management Division of the General Fund, expenditures increased by $395,000 to account for projects that were budgeted but not completed in the last fiscal year and one project that was added due to the addition of a medic crew. Due to time constraints and supply chain issues, five projects that were budgeted in FY 23-24 were unable to be completed during the fiscal year: Lighting Replacement in various facilities for $85,000, Interior Repainting at the Community Activity Center for $50,000, Gate Refurbishment at the O&M building for $125,000, Parks Winter Automated Drainage System for $35,000, and Senior Center Drainage Improvements for $70,000. Fire Station 6 required some remodeling to provide space for the additional crew approved in the FY 24-25 budget in the amount of $30,000.

Additionally, with the staff turnover during the budget process, $3,400 in budget authorization was mistakenly removed from line items for the Fire Department. This amount has been restored for the Department.

Expenditures were increased in the General Fund by $775,600 for one-time department needs that were possible due to the identified increase in revenues.

The revenue budget was increased for additional sales tax and investment income by $790,600 based on improved budgetary projections for those revenue streams.

Town of Flower Mound, Texas
Required Supplemental Information
TMRS Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Measurement Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability:										
Service Cost	$ 4,692,031	$ 5,117,444	$ 5,520,137	$ 5,790,170	$ 6,054,483	$ 6,574,622	$ 6,845,217	$ 7,114,585	$ 7,855,578	$ 9,563,845
Interest	6,874,186	7,453,691	8,218,307	9,001,156	9,813,806	10,769,532	11,613,126	12,489,034	13,384,855	15,821,975
Changes of benefit terms	-	-	-	-	-	-	-	-	-	20,092,932
Difference between expected and actual experience	1,205,977	1,666,086	1,175,904	1,153,606	1,679,595	388,866	794,310	(70,911)	2,024,217	2,280,447
Change of assumptions	2,074,237	-	-	-	658,746	-	-	-	(474,595)	-
Benefit payments, including refunds of employee contributions	(2,670,410)	(3,003,068)	(3,218,777)	(3,684,440)	(4,391,201)	(4,224,414)	(6,516,819)	(6,305,024)	(6,958,537)	(8,304,759)
Net change in total pension liability	$ 12,176,021	$ 11,234,153	$ 11,695,571	$ 12,260,492	$ 13,815,429	$ 13,508,606	$ 12,735,834	$ 13,227,684	$ 15,831,518	$ 39,454,440
Total pension liability - beginning	97,191,845	109,367,866	120,602,019	132,297,590	144,558,082	158,373,511	171,882,117	184,617,951	197,845,635	213,677,153
Total pension liability - Ending (a)	$ 109,367,866	$ 120,602,019	$ 132,297,590	$ 144,558,082	$ 158,373,511	$ 171,882,117	$ 184,617,951	$ 197,845,635	$ 213,677,153	$ 253,131,593
Plan fiduciary net position:										
Contributions - Employer	$ 3,026,380	$ 3,188,542	$ 3,767,294	$ 4,085,713	$ 4,340,811	$ 4,698,644	$ 5,151,464	$ 5,326,402	$ 5,744,430	$ 6,463,601
Contributions - Employee	2,248,064	2,389,176	2,579,504	2,705,159	2,844,388	3,053,905	3,194,435	3,331,244	3,648,908	4,004,002
Net Investment Income	135,954	6,408,566	14,374,734	(3,629,822)	18,646,488	10,776,001	20,368,198	(13,018,982)	19,412,033	19,684,105
Benefit payments, including refunds of employee contributions	(2,670,410)	(3,003,068)	(3,218,777)	(3,684,440)	(4,391,201)	(4,224,414)	(6,516,819)	(6,305,025)	(6,958,537)	(8,304,759)
Administrative Expenses	(82,800)	(72,340)	(74,475)	(70,114)	(105,274)	(69,670)	(94,144)	(112,551)	(123,357)	(126,118)
Other	(4,090)	(3,898)	(3,774)	(3,664)	(3,163)	(2,717)	644	134,307	(863)	(2,949)
Net change in plan fiduciary net position	$ 2,653,098	$ 8,906,978	$ 17,424,506	$ (597,168)	$ 21,332,049	$ 14,231,749	$ 22,103,778	$ (10,644,605)	$ 21,722,614	$ 21,717,882
Plan fiduciary net position - beginning	92,125,920	94,779,019	103,685,997	121,110,503	120,513,335	141,845,384	156,077,133	178,180,911	167,536,306	189,258,920
Plan fiduciary net position - ending (b)	$ 94,779,018	$ 103,685,997	$ 121,110,503	$ 120,513,335	$ 141,845,384	$ 156,077,133	$ 178,180,911	$ 167,536,306	$ 189,258,920	$ 210,976,802
Net pension liability (a)- (b)	$ 14,588,848	$ 16,916,022	$ 11,187,087	$ 24,044,747	$ 16,528,127	$ 15,804,984	$ 6,437,040	$ 30,309,329	$ 24,418,233	$ 42,154,791
Plan fiduciary net position as a percentage of total pension liability	86.66%	85.97%	91.54%	83.37%	89.56%	90.80%	96.51%	84.68%	88.57%	83.35%
Covered payroll	32,115,199	34,116,296	36,850,050	38,601,134	40,634,112	43,627,217	45,634,783	47,589,196	52,127,259	57,200,031
Net pension liability as a percentage of covered payroll	45.43%	49.58%	30.36%	62.29%	40.68%	36.23%	14.11%	63.69%	46.84%	73.70%

Town of Flower Mound, Texas
Required Supplemental Information
TMRS Schedule of Contributions
Last Ten Fiscal Years

Fiscal Year	(1) Actuarial determined contribution	(2) Contribution in relation to the Actuarially determined contribution	(3) Contribution excess (deficiency) (2) - (1)	(4) Covered Payroll	(5) Contributions as a percentage of Covered Payroll (2) / (4)
2016	$ 3,196,435	$ 3,251,435	$ 55,000	$ 34,809,474	9.34%
2017	3,544,829	3,544,829	-	35,992,438	9.85%
2018	4,035,061	4,035,061	-	38,525,767	10.47%
2019	4,139,960	4,139,960	-	39,872,578	10.38%
2020	4,486,154	4,486,154	-	42,056,582	10.67%
2021	4,967,961	4,967,961	-	44,655,412	11.13%
2022	5,243,131	5,243,131	-	46,770,827	11.21%
2023	5,652,138	5,652,138	-	51,076,703	11.07%
2024	6,269,111	6,269,111	-	55,850,528	11.22%
2025	8,611,928	8,611,928	-	58,092,934	14.82%

Valuation Date:
Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rate:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll, closed
Remaining Amortization Period	20 Years (longest amortization ladder)
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB (10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	Adopted 30% retroactive repeating COLA. Removed statutory max.

Town of Flower Mound, Texas
Required Supplemental Information
TMRS Supplemental Death Benefit Schedule of Changes in Total OPEB Liability and Related Ratios
Last Eight Measurement Years

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023	2024
A. Total OPEB liability								
Service Cost	$ 58,960	$ 69,482	$ 65,015	$ 87,254	$ 114,087	$ 123,732	$ 67,765	$ 80,080
Interest (on the Total OPEB Liability)	35,744	37,812	45,898	40,278	35,770	36,819	53,834	57,386
Difference between expected and actual experience	-	84,553	(143,228)	(56,355)	10,856	(32,118)	14,743	(17,294)
Changes of assumptions	100,568	(90,860)	255,097	252,729	65,673	(747,110)	80,386	(88,888)
Benefit payments	(3,685)	(3,860)	(4,063)	(8,725)	(18,254)	(19,036)	(31,276)	(28,600)
Net change in Total OPEB liability	191,587	97,127	218,719	315,181	208,132	(637,713)	185,452	2,684
Total OPEB liability - beginning	917,962	1,109,549	1,206,676	1,425,395	1,740,576	1,948,708	1,310,995	1,496,447
Total OPEB liability - ending	1,109,549	1,206,676	1,425,395	1,740,576	1,948,708	1,310,995	1,496,447	1,499,131
B. Covered-employee payroll	$ 36,850,050	$ 38,601,134	$ 40,634,112	$ 43,627,217	$ 45,634,783	$ 47,589,196	$ 52,127,259	$ 57,200,031
C. Total OPEB liability as a percentage of covered-employee payroll	3.01%	3.13%	3.51%	3.99%	4.27%	2.75%	2.87%	2.62%

Notes to Schedule:

- No assets are accumulated in a trust for the SDBF plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
- Included in the changes of assumptions for 2024 was an increase in the discount rate from 3.77% to 4.08%.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Town of Flower Mound, Texas
Required Supplemental Information
Retiree Health Care Plan Schedule of Changes in Total OPEB Liability and Related Ratios
Last Eight Measurement Years

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023	2024
A. Total OPEB liability								
Service Cost	$ 84,755	$ 116,359	$ 72,917	$ 101,855	$ 197,848	$ 215,834	$ 270,055	$ 306,582
Interest (on the Total OPEB Liability)	76,129	77,152	57,328	49,091	55,816	54,034	196,313	194,482
Difference between expected and actual experience	125,269	(983,077)	(59,278)	647,915	40,267	779,032	(127,683)	202,133
Changes of assumptions	110,649	(821)	139,212	198,982	47,361	990,339	(28,016)	242,090
Benefit payments	(199,405)	39,673	13,232	17,311	(97,699)	(311,156)	(371)	(34,603)
Net change in Total OPEB liability	197,397	(750,714)	223,411	1,015,154	243,593	1,728,083	310,298	910,684
Total OPEB liability - beginning	2,055,465	2,252,862	1,502,148	1,725,559	2,740,713	2,984,306	4,712,389	5,022,687
Total OPEB liability - ending	2,252,862	1,502,148	1,725,559	2,740,713	2,984,306	4,712,389	5,022,687	5,933,371
B. Covered-employee payroll	$ 36,850,050	$ 38,601,134	$ 40,634,112	$ 43,627,217	$ 45,634,783	$ 47,589,196	$ 52,127,259	$ 57,200,031
C. Total OPEB liability as a percentage of covered-employee payroll	6.11%	3.89%	4.25%	6.28%	6.54%	9.90%	9.64%	10.37%

Notes to Schedule:

- No assets are accumulated in a trust for the Retiree Health Care Plan to pay related benefits that meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- Included in the changes of assumptions was an increase to the discount rate from 3.77% to 4.08%, as well as, changes to the demographic assumptions based on the 2023 TMRS Experience Study.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Town of Flower Mound, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 7,597,825	$ 7,597,825	$ 10,408,834	$ -	$ 10,408,834	$ 2,811,009
Investment earnings	50,000	50,000	122,631	-	122,631	72,631
Total Revenues	7,647,825	7,647,825	10,531,465	-	10,531,465	2,883,640
EXPENDITURES						
Debt service						
Principal	6,320,000	6,320,000	8,820,000	-	8,820,000	(2,500,000)
Interest and fiscal charges	1,449,165	1,449,165	1,484,397	-	1,484,397	(35,232)
Total Expenditures	7,769,165	7,769,165	10,304,397	-	10,304,397	(2,535,232)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(121,340)	(121,340)	227,068	-	227,068	348,408
OTHER FINANCING SOURCES						
Refunded bonds issued	-	-	-	-	-	-
Premium on bonds	-	-	3,105	-	3,105	3,105
Payment to escrow	-	-	-	-	-	-
Transfers in	271,250	271,250	271,250	-	271,250	-
Total Other Financing Sources	271,250	271,250	274,355	-	274,355	3,105
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	149,910	149,910	501,423	-	501,423	351,513
FUND BALANCE, BEGINNING OF YEAR	211,195	211,195	211,195	-	211,195	-
FUND BALANCE, END OF YEAR	$ 361,105	$ 361,105	$ 712,618	$ -	$ 712,618	$ 351,513

THE TOWN OF
FLOWER MOUND
TEXAS

Town of Flower Mound, Texas
General Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP	Adjustments Budget	Actual Budget	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES						
Impact fees	$ 680,000	$ 680,000	$ 603,381	$ -	$ 603,381	$(76,619)
Investment earnings	-	-	1,180,482	-	1,180,482	1,180,482
Intergovernmental	12,193,660	12,193,660	6,172,506	-	6,172,506	(6,021,154)
Other revenue	2,500,000	2,500,000	-	-	-	(2,500,000)
Total revenues	15,373,660	15,373,660	7,956,369	-	7,956,369	(7,417,291)
EXPENDITURES						
Current -						
Capital projects	53,129,175	33,841,510	11,577,550	(7,210,671)	4,366,879	29,474,631
Total Expenditures	53,129,175	33,841,510	11,577,550	(7,210,671)	4,366,879	29,474,631
Excess (deficiency) of revenues over (under) expenditures	(37,755,515)	(18,467,850)	(3,621,181)	7,210,671	3,589,490	22,057,340
OTHER FINANCING SOURCES (USES)						
Issuance of general debt obligation	20,000,000	20,000,000	7,510,000	-	7,510,000	(12,490,000)
Premium on bonds	-	-	67,736	-	67,736	67,736
Transfers in	650,000	650,000	650,000	-	650,000	-
Total other financing sources and uses	20,650,000	20,650,000	8,227,736	-	8,227,736	(12,422,264)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,105,515)	2,182,150	4,606,555	7,210,671	11,817,226	9,635,076
FUND BALANCE, BEGINNING OF YEAR	23,959,021	23,959,021	23,959,021	-	23,959,021	-
FUND BALANCE, END OF YEAR	$ 6,853,506	$ 26,141,171	$ 28,565,576	$ 7,210,671	$ 35,776,247	$ 9,635,076

Town of Flower Mound, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Special Revenue											
	Library Development	Park Development	Tree Preservation	PEG	Street Maintenance	Parks 4B	Crime District	Fire District	Flower Mound Log Cabin	IRS Equitable Sharing	Justice Seizures	Chapter 59 Seizures
ASSETS												
Cash and cash equivalents	$ 77,365	$ 3,189,069	$ 1,432,821	$ 494,019	$ 7,670,314	$ 5,516,474	$ 2,264,571	$ 1,600,068	$ 29,503	$ 9,805	$ 444,439	$ 116,750
Investments	91,974	3,439,098	1,474,160	419,539	7,930,149	5,733,259	2,190,780	1,601,162	-	-	263,730	-
Sales tax receivable	-	-	-	-	747,254	747,254	755,103	730,825	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-
Franchise fees receivable	-	-	-	18,098	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Interfund	-	158,462	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	16,980	-	-	-	-	-	-	-
Total Assets	$ 169,339	$ 6,786,629	$ 2,906,981	$ 931,656	$ 16,364,697	$ 11,996,987	$ 5,210,454	$ 3,932,055	$ 29,503	$ 9,805	$ 708,169	$ 116,750
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE												
Liabilities:												
Accounts payable	$ 24,531	$ 161,078	$ 2,616	$ 9,945	$ 250,547	$ 15,657	$ 62,928	$ 80,472	$ -	$ -	$ -	$ 53,481
Retainage payable	-	-	-	-	67,395	9,455	-	-	-	-	-	-
Salaries payable	-	-	5,957	-	5,912	-	214,335	242,636	-	-	-	-
Interfund	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	11,353	-	-	-
Total Liabilities	24,531	161,078	8,573	9,945	323,854	25,112	277,263	323,108	11,353	-	-	53,481
Deferred Inflows of Resources:												
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance:												
Nonspendable for:												
Inventory	-	-	-	-	16,980	-	-	-	-	-	-	-
Restricted for:												
Community services	-	-	-	921,711	-	-	-	-	18,150	-	-	-
Public safety	-	-	-	-	-	-	4,933,191	3,608,947	-	9,805	708,169	63,269
Streets	-	-	-	-	16,023,863	-	-	-	-	-	-	-
Parks	-	-	-	-	-	11,971,875	-	-	-	-	-	-
Committed for:												
Community services	144,808	-	2,898,408	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-
Parks	-	6,625,551	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	144,808	6,625,551	2,898,408	921,711	16,040,843	11,971,875	4,933,191	3,608,947	18,150	9,805	708,169	63,269
Total Liabilities, deferred inflows of resources and fund balances	$ 169,339	$ 6,786,629	$ 2,906,981	$ 931,656	$ 16,364,697	$ 11,996,987	$ 5,210,454	$ 3,932,055	$ 29,503	$ 9,805	$ 708,169	$ 116,750

	Special Revenue													
	Animal Care	Opioid Settlements	TPWD Grant	CDBG-HUD Grant	Grants	Neighborhood Improvement	COVID-19	Hotel Occupancy Tax	Municipal Court Security	Municipal Court Technology	Municipal Court Jury	Municipal Court Local Youth Diversion	Municipal Court Building Security	Nonmajor Governmental Funds
	$ 51,758	$ 109,044	$ -	$ -	$ -	$ 100,316	$ 71,379	$ 492,507	$ 78,728	$ 37,140	$ 1,164	$ 67,673	$ 34,284	$ 23,889,191
	52,308	44,677	-	-	-	76,448	159,238	500,905	53,008	42,063	123	22,895	-	24,095,516
	-	-	-	-	-	-	-	-	-	-	-	-	-	2,980,436
	-	-	-	-	-	8,884	-	67,314	-	-	-	-	-	76,198
	-	-	-	-	-	-	-	-	-	-	-	-	-	18,098
	-	-	176,851	61,421	5,368	-	-	-	-	-	-	-	-	243,640
	-	-	-	-	-	-	60,652	-	-	-	-	-	-	219,114
	-	-	-	-	-	-	-	-	-	-	-	-	-	16,980
	$ 104,066	$ 153,721	$ 176,851	$ 61,421	$ 5,368	$ 185,648	$ 291,269	$ 1,060,726	$ 131,736	$ 79,203	$ 1,287	$ 90,568	$ 34,284	$ 51,539,173
	$ 1,081	$ -	$ 18,389	$ 6,012	$ 125	$ -	$ -	$ 21,706	$ 340	$ 113	$ -	$ -	$ -	$ 709,021
	-	-	-	-	-	-	-	-	-	-	-	-	-	76,850
	-	-	-	-	-	-	-	-	-	-	-	-	-	468,840
	-	-	158,462	55,409	5,243	-	-	-	-	-	-	-	-	219,114
	-	144,852	-	-	-	-	-	-	-	-	-	-	-	156,205
	1,081	144,852	176,851	61,421	5,368	-	-	21,706	340	113	-	-	-	1,630,030
	-	-	113,961	-	-	-	-	-	-	-	-	-	-	113,961
	-	-	113,961	-	-	-	-	-	-	-	-	-	-	113,961
	-	-	-	-	-	-	-	-	-	-	-	-	-	16,980
	-	-	-	-	-	-	-	1,039,020	-	-	-	-	-	1,978,881
	-	-	-	-	-	-	-	-	131,396	79,090	1,287	90,568	34,284	9,660,006
	-	-	-	-	-	-	-	-	-	-	-	-	-	16,023,863
	-	-	-	-	-	-	-	-	-	-	-	-	-	11,971,875
	-	-	-	-	-	185,648	-	-	-	-	-	-	-	3,228,864
	102,985	8,869	-	-	-	-	291,269	-	-	-	-	-	-	403,123
	-	-	-	-	-	-	-	-	-	-	-	-	-	6,625,551
	-	-	(113,961)	-	-	-	-	-	-	-	-	-	-	(113,961)
	102,985	8,869	(113,961)	-	-	185,648	291,269	1,039,020	131,396	79,090	1,287	90,568	34,284	49,795,182
	$ 104,066	$ 153,721	$ 176,851	$ 61,421	$ 5,368	$ 185,648	$ 291,269	$ 1,060,726	$ 131,736	$ 79,203	$ 1,287	$ 90,568	$ 34,284	$ 51,539,173

Town of Flower Mound, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

	Special Revenue											
	Library Development	Park Development	Tree Preservation	PEG	Street Maintenance	Parks 4B	Crime District	Fire District	Flower Mound Log Cabin	IRS Equitable Sharing	Justice Seizures	Chapter 59 Seizures
REVENUES												
Franchise fees	$ -	$ -	$ -	$ 82,927	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-
Sales tax	-	-	-	-	4,793,628	4,793,628	4,766,100	4,711,875	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-	-	-	-	-	-	-
Licenses, permits and fees	-	229,207	643,950	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	579,555	4,994
Investment earnings	7,240	288,556	110,657	37,285	736,803	445,290	193,281	129,967	-	-	26,394	-
Memorials and contributions	112,854	8,850	25,000	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	7,944
Total Revenues	120,094	526,613	779,607	120,212	5,530,431	5,238,918	4,959,381	4,841,842	-	-	605,949	12,938
EXPENDITURES												
Current												
Parks & recreation services	-	461,477	121,059	-	-	336,222	-	-	-	-	-	-
Library services	72,594	-	-	-	-	-	-	-	-	-	-	-
Police services	-	-	-	-	-	-	4,851,362	-	-	-	133,414	11,138
Financial services	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Services	-	-	-	-	-	-	-	-	-	-	-	-
Fire and emergency services	-	-	-	-	-	-	-	4,350,095	-	-	-	-
Communications	-	-	-	23,469	-	-	-	-	-	-	-	-
Public works	-	-	-	-	2,519,542	-	-	-	-	-	-	-
Capital projects	-	176,727	-	21,191	5,372,252	2,244,369	394,332	500,278	-	-	527,903	-
Total Expenditures	72,594	638,204	121,059	44,660	7,891,794	2,580,591	5,245,694	4,850,373	-	-	661,317	11,138
Excess (deficiency) of revenues over (under) expenditures	47,500	(111,591)	658,548	75,552	(2,361,363)	2,658,327	(286,313)	(8,531)	-	-	(55,368)	1,800
OTHER FINANCING SOURCES (USES)												
Sale of capital assets	-	-	-	-	-	-	-	-	-	5,600	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(571,250)	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	(571,250)	-	-	-	5,600	-	-
Net change in fund balances	47,500	(111,591)	658,548	75,552	(2,361,363)	2,087,077	(286,313)	(8,531)	-	5,600	(55,368)	1,800
Fund balances - beginning	97,308	6,737,142	2,239,860	846,159	18,402,206	9,884,798	5,219,504	3,617,478	18,150	4,205	763,537	61,469
Fund balances - ending	$ 144,808	$ 6,625,551	$ 2,898,408	$ 921,711	$ 16,040,843	$ 11,971,875	$ 4,933,191	$ 3,608,947	$ 18,150	$ 9,805	$ 708,169	$ 63,269

Special Revenue														
Animal Care	Opioid Settlements	TPWD Grant	CDBG-HUD Grant	Grants	Neighborhood Improvement	COVID-19	Hotel Occupancy Tax	Municipal Court Security	Municipal Court Technology	Municipal Court Jury	Municipal Court Local Youth Diversion	Municipal Court Building Security	Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 82,927
-	-	303,492	212,479	53,593	-	1,148,381	-	-	-	-	-	-	1,717,945
-	-	-	-	-	-	-	-	-	-	-	-	-	19,065,231
-	-	-	-	-	-	-	796,281	-	-	-	-	-	796,281
-	-	-	-	-	-	-	-	-	-	-	-	-	873,157
-	-	-	-	-	77,986	-	-	-	-	-	-	-	77,986
-	-	-	-	-	-	-	-	38,155	31,257	1,158	59,088	34,284	748,491
4,255	4,933	-	-	-	8,179	16,666	39,786	6,150	3,856	398	3,953	-	2,063,649
9,365	-	-	-	-	-	-	-	-	-	-	-	-	156,069
-	-	-	-	-	-	-	-	-	-	-	-	-	7,944
13,620	4,933	303,492	212,479	53,593	86,165	1,165,047	836,067	44,305	35,113	1,556	63,041	34,284	25,589,680
-	-	-	212,479	3,200	-	-	610,288	-	-	-	-	-	1,744,725
-	-	-	-	10,000	-	-	-	-	-	-	-	-	82,594
10,031	-	-	-	46,217	-	-	-	-	-	-	-	-	5,052,162
-	-	-	-	-	-	-	-	43,283	35,915	1,125	51,213	-	131,536
-	-	-	-	-	-	146,890	-	-	-	-	-	-	146,890
-	-	-	-	9,085	-	-	-	-	-	-	-	-	4,359,180
-	-	-	-	-	-	-	-	-	-	-	-	-	23,469
-	-	-	-	-	92,410	6,810	-	-	-	-	-	-	2,618,762
-	-	417,453	-	8,200	-	619,174	-	-	-	-	-	-	10,281,879
10,031	-	417,453	212,479	76,702	92,410	772,874	610,288	43,283	35,915	1,125	51,213	-	24,441,197
3,589	4,933	(113,961)	-	(23,109)	(6,245)	392,173	225,779	1,022	(802)	431	11,828	34,284	1,148,483
-	-	-	-	-	-	-	-	-	-	-	-	-	5,600
-	-	-	-	23,109	-	-	-	-	-	-	-	-	23,109
-	-	-	-	-	-	(400,000)	-	-	-	-	-	-	(971,250)
-	-	-	-	23,109	-	(400,000)	-	-	-	-	-	-	(942,541)
3,589	4,933	(113,961)	-	-	(6,245)	(7,827)	225,779	1,022	(802)	431	11,828	34,284	205,942
99,396	3,936	-	-	-	191,893	299,096	813,241	130,374	79,892	856	78,740	-	49,589,240
$ 102,985	$ 8,869	$(113,961)	$ -	$ -	$ 185,648	$ 291,269	$ 1,039,020	$ 131,396	$ 79,090	$ 1,287	$ 90,568	$ 34,284	$ 49,795,182

Town of Flower Mound, Texas
Library Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Memorials and contributions	$ -	$ 37,000	$ 112,854	$ -	$ 112,854	$ 75,854
Investment earnings	3,000	3,000	7,240	-	7,240	4,240
Total Revenues	3,000	40,000	120,094	-	120,094	80,094
EXPENDITURES						
Library services	-	102,000	72,594	-	72,594	29,406
Total Expenditures	-	102,000	72,594	-	72,594	29,406
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,000	(62,000)	47,500	-	47,500	109,500
FUND BALANCE, BEGINNING OF YEAR	97,308	97,308	97,308	-	97,308	-
FUND BALANCE, END OF YEAR	$ 100,308	$ 35,308	$ 144,808	$ -	$ 144,808	$ 109,500

Town of Flower Mound, Texas
Park Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Licenses, permits and fees	$ -	$ -	$ 229,207	$ -	$ 229,207	$ 229,207
Investment earnings	150,000	150,000	288,556	-	288,556	138,556
Memorials and contributions	-	-	8,850	-	8,850	8,850
Total Revenues	150,000	150,000	526,613	-	526,613	376,613
EXPENDITURES						
Parks & recreation services	1,432,917	1,496,763	461,477	76,923	538,400	958,363
Capital projects	-	-	176,727	-	176,727	(176,727)
Total Expenditures	1,432,917	1,496,763	638,204	76,923	715,127	781,636
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,282,917)	(1,346,763)	(111,591)	(76,923)	(188,514)	1,158,249
FUND BALANCE, BEGINNING OF YEAR	6,737,142	6,737,142	6,737,142	-	6,737,142	-
FUND BALANCE, END OF YEAR	$ 5,454,225	$ 5,390,379	$ 6,625,551	$(76,923)	$ 6,548,628	$ 1,158,249

Town of Flower Mound, Texas
Tree Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Licenses, permits and fees	$ -	$ -	$ 643,950	$ -	$ 643,950	$ 643,950
Investment earnings	150,000	150,000	110,657	-	110,657	(39,343)
Memorials and contributions	-	-	25,000	-	25,000	25,000
Total Revenues	150,000	150,000	779,607	-	779,607	629,607
EXPENDITURES						
Parks & recreation services	186,590	314,400	121,059	-	121,059	193,341
Total Expenditures	186,590	314,400	121,059	-	121,059	193,341
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(36,590)	(164,400)	658,548	-	658,548	822,948
FUND BALANCE, BEGINNING OF YEAR	2,239,860	2,239,860	2,239,860	-	2,239,860	-
FUND BALANCE, END OF YEAR	$ 2,203,270	$ 2,075,460	$ 2,898,408	$ -	$ 2,898,408	$ 822,948

Town of Flower Mound, Texas
PEG Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Franchise fees	$ 100,000	$ 100,000	$ 82,927	$ -	$ 82,927	$(17,073)
Investment earnings	15,000	15,000	37,285	-	37,285	22,285
Total Revenues	115,000	115,000	120,212	-	120,212	5,212
EXPENDITURES						
Communications	705,650	705,650	23,469	-	23,469	682,181
Capital projects	-	-	21,191	-	21,191	(21,191)
Total Expenditures	705,650	705,650	44,660	-	44,660	660,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(590,650)	(590,650)	75,552	-	75,552	666,202
FUND BALANCE, BEGINNING OF YEAR	846,159	846,159	846,159	-	846,159	-
FUND BALANCE, END OF YEAR	$ 255,509	$ 255,509	$ 921,711	$ -	$ 921,711	$ 666,202

Town of Flower Mound, Texas
Dedicated Sales Tax - Street Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 4,930,820	$ 5,028,320	$ 4,793,628	$ -	$ 4,793,628	$(234,692)
Investment earnings	300,000	300,000	736,803	-	736,803	436,803
Total Revenues	5,230,820	5,328,320	5,530,431	-	5,530,431	202,111
EXPENDITURES						
Public works	21,511,788	17,835,955	2,519,542	(1,741,812)	777,730	17,058,225
Capital projects	-	-	5,372,252	-	5,372,252	(5,372,252)
Total Expenditures	21,511,788	17,835,955	7,891,794	(1,741,812)	6,149,982	11,685,973
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(16,280,968)	(12,507,635)	(2,361,363)	1,741,812	(619,551)	11,888,084
FUND BALANCE, BEGINNING OF YEAR	18,402,206	18,402,206	18,402,206	-	18,402,206	-
FUND BALANCE, END OF YEAR	$ 2,121,238	$ 5,894,571	$ 16,040,843	$ 1,741,812	$ 17,782,655	$ 11,888,084

Town of Flower Mound, Texas
Dedicated Sales Tax - Parks 4B Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 4,930,820	$ 5,028,320	$ 4,793,628	$ -	$ 4,793,628	$(234,692)
Investment earnings	150,000	150,000	445,290	-	445,290	295,290
Total Revenues	5,080,820	5,178,320	5,238,918	-	5,238,918	60,598
EXPENDITURES						
Parks & recreation services	5,772,525	5,096,918	336,222	291,444	627,666	4,469,252
Capital projects	-	-	2,244,369	-	2,244,369	(2,244,369)
Total Expenditures	5,772,525	5,096,918	2,580,591	291,444	2,872,035	2,224,883
OTHER FINANCING SOURCES (USES)						
Transfer out	(571,250)	(571,250)	(571,250)	-	(571,250)	-
Total Other Financing Sources (Uses)	(571,250)	(571,250)	(571,250)	-	(571,250)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,262,955)	(489,848)	2,087,077	(291,444)	1,795,633	2,285,481
FUND BALANCE, BEGINNING OF YEAR	9,884,798	9,884,798	9,884,798	-	9,884,798	-
FUND BALANCE, END OF YEAR	$ 8,621,843	$ 9,394,950	$ 11,971,875	$(291,444)	$ 11,680,431	$ 2,285,481

Town of Flower Mound, Texas
Dedicated Sales Tax - Crime District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 4,879,545	$ 4,977,045	$ 4,766,100	$ -	$ 4,766,100	$(210,945)
Investment earnings	30,000	30,000	193,281	-	193,281	163,281
Total Revenues	4,909,545	5,007,045	4,959,381	-	4,959,381	(47,664)
EXPENDITURES						
Police services	5,381,945	5,661,836	4,851,362	(57,909)	4,793,453	868,383
Capital projects	-	-	394,332	-	394,332	(394,332)
Total Expenditures	5,381,945	5,661,836	5,245,694	(57,909)	5,187,785	474,051
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(472,400)	(654,791)	(286,313)	57,909	(228,404)	426,387
FUND BALANCE, BEGINNING OF YEAR	5,219,504	5,219,504	5,219,504	-	5,219,504	-
FUND BALANCE, END OF YEAR	$ 4,747,104	$ 4,564,713	$ 4,933,191	$ 57,909	$ 4,991,100	$ 426,387

Town of Flower Mound, Texas
Dedicated Sales Tax - Fire District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Taxes	$ 4,869,185	$ 4,966,685	$ 4,711,875	$ -	$ 4,711,875	$(254,810)
Investment earnings	20,000	20,000	129,967	-	129,967	109,967
Total Revenues	4,889,185	4,986,685	4,841,842	-	4,841,842	(144,843)
EXPENDITURES						
Fire and emergency services	5,653,282	5,742,282	4,350,095	347,591	4,697,686	1,044,596
Capital projects	-	-	500,278	-	500,278	(500,278)
Total Expenditures	5,653,282	5,742,282	4,850,373	347,591	5,197,964	544,318
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(764,097)	(755,597)	(8,531)	(347,591)	(356,122)	399,475
FUND BALANCE, BEGINNING OF YEAR	3,617,478	3,617,478	3,617,478	-	3,617,478	-
FUND BALANCE, END OF YEAR	$ 2,853,381	$ 2,861,881	$ 3,608,947	$(347,591)	$ 3,261,356	$ 399,475

Town of Flower Mound, Texas
Flower Mound Log Cabin Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-	-
EXPENDITURES						
Parks & recreation services	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	18,150	18,150	18,150	-	18,150	-
FUND BALANCE, END OF YEAR	$ 18,150	$ 18,150	$ 18,150	$ -	$ 18,150	$ -

Town of Flower Mound, Texas
IRS Equitable Sharing Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Other revenue	$ -	$ -	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-	-	-
EXPENDITURES						
Police services	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	-	-	5,600	-	5,600	5,600
Total Other Financing Sources (Uses)	-	-	5,600	-	5,600	5,600
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	5,600	-	5,600	5,600
FUND BALANCE, BEGINNING OF YEAR	4,205	4,205	4,205	-	4,205	-
FUND BALANCE, END OF YEAR	$ 4,205	$ 4,205	$ 9,805	$ -	$ 4,205	$ -

Town of Flower Mound, Texas
Justice Seizures Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ -	$ 79,600	$ 579,555	$ -	$ 579,555	$ 499,955
Investment earnings	500	500	26,394	-	26,394	25,894
Total Revenues	500	80,100	605,949	-	605,949	525,849
EXPENDITURES						
Police services	-	732,403	133,414	(517,403)	(383,989)	1,116,392
Capital projects	-	-	527,903	-	527,903	(527,903)
Total Expenditures	-	732,403	661,317	(517,403)	143,914	588,489
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	500	(652,303)	(55,368)	517,403	462,035	1,114,338
FUND BALANCE, BEGINNING OF YEAR	763,537	763,537	763,537	-	763,537	-
FUND BALANCE, END OF YEAR	$ 764,037	$ 111,234	$ 708,169	$ 517,403	$ 1,225,572	$ 1,114,338

Town of Flower Mound, Texas
Chapter 59 Seizures Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ -	$ -	$ 4,994	$ -	$ 4,994	$ 4,994
Other revenues		-	7,944	-	7,944	7,944
Total Revenues	-	-	12,938	-	12,938	12,938
EXPENDITURES						
Police services	-	-	11,138	-	11,138	(11,138)
Total Expenditures	-	-	11,138	-	11,138	(11,138)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,800	-	1,800	1,800
FUND BALANCE, BEGINNING OF YEAR	61,469	61,469	61,469	-	61,469	-
FUND BALANCE, END OF YEAR	$ 61,469	$ 61,469	$ 63,269	$ -	$ 63,269	$ 1,800

Town of Flower Mound, Texas
Animal Care Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	$ 1,000	$ 1,000	$ 4,255	$ -	$ 4,255	$ 3,255
Memorials and contributions	10,000	10,000	9,365	-	9,365	(635)
Total Revenues	11,000	11,000	13,620	-	13,620	2,620
EXPENDITURES						
Police services	40,000	40,000	10,031	-	10,031	29,969
Total Expenditures	40,000	40,000	10,031	-	10,031	29,969
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,000)	(29,000)	3,589	-	3,589	32,589
FUND BALANCE, BEGINNING OF YEAR	99,396	99,396	99,396	-	99,396	-
FUND BALANCE, END OF YEAR	$ 70,396	$ 70,396	$ 102,985	$ -	$ 102,985	$ 32,589

Town of Flower Mound, Texas
Opioid Settlements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Investment earnings	$ -	$ -	$ 4,933	$ -	$ 4,933	$ 4,933
Total Revenues	-	-	4,933	-	4,933	4,933
EXPENDITURES						
Police Services	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	4,933	-	4,933	4,933
FUND BALANCE, BEGINNING OF YEAR	3,936	3,936	3,936	-	3,936	-
FUND BALANCE, END OF YEAR	$ 3,936	$ 3,936	$ 8,869	$ -	$ 8,869	$ 4,933

Town of Flower Mound, Texas
TPWD Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental	$ -	$ 750,000	$ 303,492	$ -	$ 303,492	$(446,508)
Total Revenues	-	750,000	303,492	-	303,492	(446,508)
EXPENDITURES						
Parks & recreation services	-	750,000	-	(417,453)	(417,453)	1,167,453
Capital projects	-	-	417,453	-	417,453	(417,453)
Total Expenditures	-	750,000	417,453	(417,453)	-	750,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(113,961)	417,453	303,492	303,492
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$(113,961)	$ 417,453	$ 303,492	$ 303,492

Town of Flower Mound, Texas
CDBG-HUD Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental	$ 272,640	$ 272,640	$ 212,479	$ -	$ 212,479	$(60,161)
Total Revenues	272,640	272,640	212,479	-	212,479	(60,161)
EXPENDITURES						
Parks & recreation services	288,137	569,257	212,479	(8,480)	203,999	365,258
Total Expenditures	288,137	569,257	212,479	(8,480)	203,999	365,258
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,497)	(296,617)	-	8,480	8,480	305,097
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	$(15,497)	$(296,617)	$ -	$ 8,480	$ 8,480	$ 305,097

Town of Flower Mound, Texas
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental revenue	$ -	$ 156,328	$ 53,593	$ -	$ 53,593	$(102,735)
Other revenues	-	-	-	-	-	-
Total Revenue	-	156,328	53,593	-	53,593	(102,735)
EXPENDITURES						
Parks & recreation services	-	1,400	3,200	-	3,200	(1,800)
Police services	-	25,555	46,217	-	46,217	(20,662)
Library services	-	10,000	10,000	-	10,000	-
Fire and emergency services	-	132,150	9,085	-	9,085	123,065
Capital projects	-	-	8,200	-	8,200	(8,200)
Total Expenditures	-	169,105	76,702	-	76,702	92,403
OTHER FINANCING SOURCES (USES)						
Transfer in	-	12,777	23,109	-	23,109	10,332
Total Other Financing Sources (Uses)	-	12,777	23,109	-	23,109	10,332
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -

Town of Flower Mound, Texas
Neighborhood Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Charges for services	$ 75,150	$ 75,150	$ 77,986	$ -	$ 77,986	$ 2,836
Investment earnings	1,000	1,000	8,179	-	8,179	7,179
Total Revenues	76,150	76,150	86,165	-	86,165	10,015
EXPENDITURES						
Public works	100,000	100,000	92,410	-	92,410	7,590
Total Expenditures	100,000	100,000	92,410	-	92,410	7,590
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(23,850)	(23,850)	(6,245)	-	(6,245)	17,605
FUND BALANCE, BEGINNING OF YEAR	191,893	191,893	191,893	-	191,893	-
FUND BALANCE, END OF YEAR	$ 168,043	$ 168,043	$ 185,648	$ -	$ 185,648	$ 17,605

Town of Flower Mound, Texas
COVID-19 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Intergovernmental revenue	$ -	$ -	$ 1,148,381	$ -	$ 1,148,381	$ 1,148,381
Investment earnings	-	-	16,666	-	16,666	16,666
Total Revenues	-	-	1,165,047	-	1,165,047	1,165,047
EXPENDITURES						
Parks & recreation services	2,057,104	231,379	-	(400,000)	(400,000)	631,379
Library services	-	1	-	(95,240)	(95,240)	95,241
Administrative services	-	145,192	146,890	(14,058)	132,832	12,360
Public Works	-	12,452	6,810	(530,744)	(523,934)	536,386
Capital projects	-	-	619,174	-	619,174	(619,174)
Total Expenditures	2,057,104	389,024	772,874	(1,040,042)	(267,168)	656,192
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,057,104)	(389,024)	392,173	1,040,042	1,432,215	1,821,239
OTHER FINANCING SOURCES (USES)						
Transfer out	-	-	(400,000)	-	(400,000)	(400,000)
Total Other Financing Sources (Uses)	-	-	(400,000)	-	(400,000)	(400,000)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,057,104)	(389,024)	(7,827)	1,040,042	1,032,215	1,421,239
FUND BALANCE, BEGINNING OF YEAR	299,096	299,096	299,096	-	299,096	-
FUND BALANCE, END OF YEAR	$(1,758,008)	$(89,928)	$ 291,269	$ 1,040,042	$ 1,331,311	$ 1,421,239

Town of Flower Mound, Texas
Hotel Occupancy Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Hotel occupancy tax	$ 600,000	$ 600,000	$ 796,281	$ -	$ 796,281	$ 196,281
Investment earnings	5,000	5,000	39,786	-	39,786	34,786
Total Revenues	605,000	605,000	836,067	-	836,067	231,067
EXPENDITURES						
Parks & recreation services	369,000	369,000	610,288	4,375	614,663	(245,663)
Total Expenditures	369,000	369,000	610,288	4,375	614,663	(245,663)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	236,000	236,000	225,779	(4,375)	221,404	(14,596)
FUND BALANCE, BEGINNING OF YEAR	813,241	813,241	813,241	-	813,241	-
FUND BALANCE, END OF YEAR	$ 1,049,241	$ 1,049,241	$ 1,039,020	$(4,375)	$ 1,034,645	$(14,596)

Town of Flower Mound, Texas
Municipal Court Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ 32,555	$ 32,555	$ 38,155	$ -	$ 38,155	$ 5,600
Investment earnings	2,500	2,500	6,150	-	6,150	3,650
Total Revenues	35,055	35,055	44,305	-	44,305	9,250
EXPENDITURES						
Financial services	64,165	64,165	43,283	-	43,283	20,882
Total Expenditures	64,165	64,165	43,283	-	43,283	20,882
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,110)	(29,110)	1,022	-	1,022	30,132
FUND BALANCE, BEGINNING OF YEAR	130,374	130,374	130,374	-	130,374	-
FUND BALANCE, END OF YEAR	$ 101,264	$ 101,264	$ 131,396	$ -	$ 131,396	$ 30,132

Town of Flower Mound, Texas
Municipal Court Technology Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ 26,755	$ 26,755	$ 31,257	$ -	$ 31,257	$ 4,502
Investment earnings	1,500	1,500	3,856	-	3,856	2,356
Total Revenues	28,255	28,255	35,113	-	35,113	6,858
EXPENDITURES						
Financial services	36,530	36,530	35,915	-	35,915	615
Total Expenditures	36,530	36,530	35,915	-	35,915	615
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,275)	(8,275)	(802)	-	(802)	7,473
FUND BALANCE, BEGINNING OF YEAR	79,892	79,892	79,892	-	79,892	-
FUND BALANCE, END OF YEAR	$ 71,617	$ 71,617	$ 79,090	$ -	$ 79,090	$ 7,473

Town of Flower Mound, Texas
Municipal Court Jury Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ 655	$ 655	$ 1,158	$ -	$ 1,158	$ 503
Investment earnings	-	-	398	-	398	398
Total Revenues	655	655	1,556	-	1,556	901
EXPENDITURES						
Financial services	1,125	1,125	1,125	-	1,125	-
Total Expenditures	1,125	1,125	1,125	-	1,125	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(470)	(470)	431	-	431	901
FUND BALANCE, BEGINNING OF YEAR	856	856	856	-	856	-
FUND BALANCE, END OF YEAR	$ 386	$ 386	$ 1,287	$ -	$ 1,287	$ 901

Town of Flower Mound, Texas
Municipal Court Local Youth Diversion Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ 36,600	$ 36,600	$ 59,088	$ -	$ 59,088	$ 22,488
Investment earnings	-	-	3,953	-	3,953	3,953
Total Revenues	36,600	36,600	63,041	-	63,041	26,441
EXPENDITURES						
Financial services	55,000	55,000	51,213	-	51,213	3,787
Total Expenditures	55,000	55,000	51,213	-	51,213	3,787
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(18,400)	(18,400)	11,828	-	11,828	30,228
FUND BALANCE, BEGINNING OF YEAR	78,740	78,740	78,740	-	78,740	-
FUND BALANCE, END OF YEAR	$ 60,340	$ 60,340	$ 90,568	$ -	$ 90,568	$ 30,228

Town of Flower Mound, Texas
Municipal Court Building Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual GAAP Amounts	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Positive (Negative)
	Original	Final				
REVENUES						
Fines and forfeitures	$ -	$ -	$ 34,284	$ -	$ 34,284	$ 34,284
Total Revenues	-	-	34,284	-	34,284	34,284
EXPENDITURES						
Financial services	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	34,284	-	34,284	34,284
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ -	$ 34,284	$ -	$ 34,284	$ 34,284

Town of Flower Mound, Texas
Combining Statement of Net Position
All Internal Service Funds
September 30, 2025

	Health Insurance & Flexible Benefit Fund	Vehicle, Equipment & Technology Replacement Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 802,523	$ 5,762,768	$ 6,565,291
Investments	1,984,166	6,635,517	8,619,683
Receivables (net of allowances for estimated uncollectibles):			
Accounts	730,800	48,075	778,875
Prepaids	-	240,462	240,462
Total current assets	3,517,489	12,686,822	16,204,311
Total Assets	3,517,489	12,686,822	16,204,311
LIABILITIES			
Current liabilities:			
Accounts payable	319,253	244,128	563,381
Estimated health claims	1,952,727	-	1,952,727
Total current liabilities	2,271,980	244,128	2,516,108
Total Liabilities	2,271,980	244,128	2,516,108
NET POSITION			
Unrestricted	1,245,509	12,442,694	13,688,203
Total net position	$ 1,245,509	$ 12,442,694	$ 13,688,203

Town of Flower Mound, Texas
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended September 30, 2025

	Health Insurance & Flexible Benefit Fund	Vehicle, Equipment & Technology Replacement Fund	Total
Operating revenues:			
Charges for services	$ 17,171,403	$ 3,242,955	$ 20,414,358
Other	-	2,379	2,379
Total operating revenue	17,171,403	3,245,334	20,416,737
Operating expenses:			
Maintenance and operations	-	752,021	752,021
Health insurance and flexible benefits	18,406,806	-	18,406,806
Total operating expenses	18,406,806	752,021	19,158,827
Operating income (loss)	(1,235,403)	2,493,313	1,257,910
Nonoperating revenues (expenses):			
Interest income	141,554	565,683	707,237
Total nonoperating revenue (expenses)	141,554	565,683	707,237
Income before contributions and transfers	(1,093,849)	3,058,996	1,965,147
Contribution of capital to governmental activities	-	(4,554,226)	(4,554,226)
Transfers out	-	(683,631)	(683,631)
Change in net position	(1,093,849)	(2,178,861)	(3,272,710)
Total net position - beginning	2,339,358	14,621,555	16,960,913
Total net position - ending	$ 1,245,509	$ 12,442,694	$ 13,688,203

Town of Flower Mound, Texas
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended September 30, 2025

	Health Insurance & Flexible Benefit Fund	Vehicle, Equipment & Technology Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from transactions with other funds	$ 16,490,318	$ 2,959,841	$ 19,450,159
Cash paid for goods and services	(4,383,717)	(741,748)	(5,125,465)
Cash paid for claims	(13,277,104)	-	(13,277,104)
Net cash provided by (used for) operating activities	(1,170,503)	2,218,093	1,047,590
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	(5,237,857)	(5,237,857)
Net cash provided (used) by capital and related financing activities	-	(5,237,857)	(5,237,857)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturities of investment securities	3,094,699	1,781,135	4,875,834
Purchase of investment securities	(2,925,000)	-	(2,925,000)
Interest received	141,554	565,683	707,237
Net cash provided by (used for) investing activities	311,253	2,346,818	2,658,071
Net increase (decrease) in cash and cash equivalents	(859,250)	(672,946)	(1,532,196)
Cash and cash equivalents, October 1	1,661,773	6,435,714	8,097,487
Cash and cash equivalents, September 30	$ 802,523	$ 5,762,768	$ 6,565,291
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (1,235,403)	$ 2,493,313	$ 1,257,910
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Change in assets and liabilities			
Decrease (Increase) in trade receivables	(681,085)	(45,031)	(726,116)
Decrease (Increase) in prepaids	-	(240,462)	(240,462)
Increase (Decrease) in accounts payable and accrued liabilities	745,985	10,273	756,258
Total adjustments	64,900	(275,220)	(210,320)
Net cash provided by (used for) by operating activities	$ (1,170,503)	$ 2,218,093	$ 1,047,590
Noncash capital and related financing activities:			
Transfer of capital assets to other funds	-	(683,631)	(683,631)
Transfer of capital assets to governmental activities	-	(4,554,226)	(4,554,226)

THE TOWN OF
FLOWER MOUND
TEXAS

TOWN OF FLOWER MOUND, TEXAS
STATISTICAL SECTION

This part of the Town of Flower Mound's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents **Page**

Financial Trends 124

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 132

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 138

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 143

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 144

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Town of Flower Mound, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	$ 202,543,406	$ 230,421,353	$ 271,744,498	$ 274,850,281
Restricted	27,217,009	36,676,874	40,469,469	42,179,244
Unrestricted	28,577,413	16,371,786	8,344,796	30,563,245
Total governmental activities net position	$ 258,337,828	$ 283,470,013	$ 320,558,763	$ 347,592,770
Business-type activities				
Net investment in capital assets	$ 126,551,908	$ 138,553,283	$ 145,749,885	$ 143,033,465
Restricted	-	-	-	21,457,609
Unrestricted	18,002,680	16,986,793	21,282,106	11,607,987
Total business-type activities net position	$ 144,554,588	$ 155,540,076	$ 167,031,991	$ 176,099,061
Primary government				
Net investment in capital assets	$ 329,095,314	$ 368,974,636	$ 417,494,383	$ 417,883,746
Restricted	27,217,009	36,676,874	40,469,469	63,636,853
Unrestricted	46,580,093	33,358,579	29,626,902	42,171,232
Total primary government net position	$ 402,892,416	$ 439,010,089	$ 487,590,754	$ 523,691,831

2020	2021	2022	2023	2024	2025
$ 284,502,370	$ 295,048,373	$ 308,572,131	$ 321,761,029	$ 342,979,690	$ 367,107,962
45,967,635	53,616,906	58,614,169	69,602,155	79,153,252	80,771,832
32,776,066	39,178,699	49,884,164	56,636,524	45,972,614	25,065,411
$ 363,246,071	$ 387,843,978	$ 417,070,464	$ 447,999,708	$ 468,105,556	$ 472,945,205
$ 146,438,852	$ 150,778,480	$ 152,840,348	$ 155,694,087	$ 166,460,940	$ 175,906,401
24,814,356	27,003,287	28,893,868	30,191,619	25,697,321	22,625,032
11,992,793	10,911,823	17,846,772	26,782,704	27,413,743	28,526,860
$ 183,246,001	$ 188,693,590	$ 199,580,988	$ 212,668,410	$ 219,572,004	$ 227,058,293
$ 430,941,222	$ 445,826,853	$ 461,412,479	$ 477,455,116	$ 509,440,630	$ 543,014,363
70,781,991	80,620,193	87,508,037	99,793,774	104,850,573	103,396,864
44,768,859	50,090,522	67,730,936	83,419,228	73,386,357	53,592,271
$ 546,492,072	$ 576,537,568	$ 616,651,452	$ 660,668,118	$ 687,677,560	$ 700,003,498

Town of Flower Mound, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Expenses				
Governmental activities:				
Town manager's office	$ 2,794,319	$ 2,931,578	$ 3,201,156	$ 3,273,180
Legislative services	452,165	664,969	1,041,158	524,126
Development services	2,190,178	2,293,593	3,056,531	1,983,306
Parks & recreation services	7,220,132	13,082,357	6,743,384	12,344,192
Library services	-	-	-	1,896,889
Police services	14,942,215	15,684,683	17,070,265	18,964,282
Financial services	3,619,248	3,655,549	2,584,378	4,000,678
Administrative services	5,490,036	5,883,895	5,870,601	6,038,018
Fire and emergency services	16,043,210	17,298,859	16,762,366	20,916,756
Communications	816,871	784,921	736,150	806,512
Public works	18,685,536	12,763,676	16,572,455	10,155,359
Environmental services	1,417,981	1,514,141	1,515,323	1,487,918
Interest on long-term debt	2,166,224	1,976,019	2,510,411	2,449,547
Total governmental activities expenses	75,838,115	78,534,240	77,664,178	84,840,763
Business-type activities:				
Utilities	41,019,967	39,100,879	43,265,124	42,723,810
Total business-type activities expenses	41,019,967	39,100,879	43,265,124	42,723,810
Total primary government expenses	$ 116,858,082	$ 117,635,119	$ 120,929,302	$ 127,564,573
Program Revenues				
Governmental activities:				
Charges for services:				
Town manager's office	$ 99,045	$ 26,399	$ 37,807	$ 23,847
Legislative services	16,314	25,308	23,448	25,519
Development services	2,041,912	2,360,325	2,310,183	2,157,785
Parks & recreation services	2,340,095	2,389,950	3,984,991	3,657,765
Library services	-	-	-	-
Police services	448,882	516,711	536,449	906,899
Financial services	829,306	1,014,759	1,309,723	1,100,410
Fire and emergency services	878,476	1,306,594	1,342,585	1,521,255
Public works	780,723	533,319	381,088	438,973
Environmental services	486,364	483,490	435,039	207,400
Operating grants and contributions	1,561,498	2,667,162	374,203	183,013
Capital grants and contributions	9,079,280	15,883,383	22,774,091	13,214,793
Total governmental activities program revenues	18,561,895	27,207,400	33,509,607	23,437,659
Business-type activities:				
Charges for services:				
Utilities	39,717,976	42,267,497	46,091,632	42,418,217
Capital grants and contributions	8,098,696	9,222,359	9,988,175	9,103,720
Total business-type activities program revenues	47,816,672	51,489,856	56,079,807	51,521,937
Total primary government program revenues	$ 66,378,567	$ 78,697,256	$ 89,589,414	$ 74,959,596
Net (expense)/revenue				
Governmental activities	$ (57,276,220)	$ (51,326,840)	$ (44,154,571)	$ (61,403,104)
Business-type activities	6,796,705	12,388,977	12,814,683	8,798,127
Total primary government net expense	$ (50,479,515)	$ (38,937,863)	$ (31,339,888)	$ (52,604,977)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 39,266,228	$ 43,632,879	$ 47,498,500	$ 51,056,486
Sales tax	21,459,819	23,612,871	24,282,172	25,286,435
Occupancy tax	-	4,151	295,026	348,307
Franchise tax	5,810,150	5,617,437	6,082,737	6,370,168
Alcoholic beverage taxes	210,589	217,777	253,845	245,537
Amounts not restricted to specific program	-	-	-	-
Investment earnings	277,366	710,654	1,768,842	2,791,043
Gain on sale of capital assets	-	-	-	-
Miscellaneous	698,314	662,960	967,743	1,120,705
Transfers	1,882,605	2,000,296	2,009,653	1,218,430
Total governmental activities	69,605,071	76,459,025	83,158,518	88,437,111
Business-type activities:				
Investment earnings	105,338	275,492	627,308	1,097,353
Gain on sale of capital assets	-	-	-	-
Miscellaneous	523,487	321,315	369,510	390,020
Transfers	(1,882,605)	(2,000,296)	(2,009,653)	(1,218,430)
Total business-type activities	(1,253,780)	(1,403,489)	(1,012,835)	268,943
Total primary government	$ 68,351,291	$ 75,055,536	$ 82,145,683	$ 88,706,054
Change in Net Position				
Governmental activities	$ 12,328,851	$ 25,132,185	$ 39,003,947	$ 27,034,007
Business-type activities	5,542,925	10,985,488	11,801,848	9,067,070
Total primary government	$ 17,871,776	$ 36,117,673	$ 50,805,795	$ 36,101,077

Note: Library Services was previously included with Community Services prior to fiscal year 2019.

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 3,454,566	$ 4,298,875	$ 3,680,978	$ 3,388,706	$ 4,561,125	$ 3,942,823
506,395	535,517	513,592	667,367	591,258	694,881
2,187,528	2,218,168	2,192,825	2,511,730	2,902,741	3,542,759
7,053,088	15,329,914	18,144,574	16,575,189	18,270,624	20,217,327
1,943,000	1,997,725	2,049,541	2,322,283	2,522,204	3,239,013
17,946,700	19,575,430	21,880,685	24,667,709	25,973,268	35,703,437
4,392,826	3,181,737	4,728,707	5,098,691	6,552,397	5,650,079
6,508,843	6,278,393	7,055,671	7,655,684	9,072,858	9,306,659
20,719,163	23,087,386	23,173,628	28,810,186	29,796,129	40,305,654
784,176	749,660	753,285	1,022,276	1,012,662	1,137,224
24,568,733	15,315,949	10,213,207	15,174,383	19,604,948	19,794,484
1,509,345	1,491,166	1,543,131	1,511,256	1,751,125	2,141,257
2,332,467	2,015,265	1,741,793	1,489,993	1,226,657	971,618
93,906,830	96,075,185	97,671,617	110,895,453	123,837,996	146,647,215
45,970,592	47,920,418	51,170,127	51,443,477	56,216,376	65,554,128
45,970,592	47,920,418	51,170,127	51,443,477	56,216,376	65,554,128
$ 139,877,422	$ 143,995,603	$ 148,841,744	$ 162,338,930	$ 180,054,372	$ 212,201,343
$ 24,000	$ -	$ -	$ -	$ -	$ -
27,973	26,457	29,887	17,579	16,431	14,983
2,382,693	2,562,484	2,645,219	2,032,237	1,742,190	1,600,606
2,616,256	4,115,136	4,334,297	3,575,370	3,176,457	3,231,286
-	64,655	64,655	64,655	64,655	6,582
946,479	1,058,012	1,048,299	1,403,800	1,430,348	1,697,867
718,172	1,037,078	1,165,109	1,198,573	1,245,507	1,871,506
1,520,388	1,529,381	2,261,583	4,347,327	4,304,574	3,180,837
427,204	97,545	92,349	372,671	496,697	344,037
222,902	240,533	465,615	283,532	305,050	898,675
2,239,746	2,313,000	3,601,013	1,239,871	2,984,114	1,086,303
8,183,369	12,039,573	8,643,597	10,647,484	6,611,604	17,513,747
19,309,182	25,083,854	24,351,623	25,183,099	22,377,627	31,446,429
46,600,326	48,509,922	56,273,795	59,995,515	59,239,851	62,712,422
7,382,266	7,029,200	7,728,163	4,114,012	1,973,035	5,282,263
53,982,592	55,539,122	64,001,958	64,109,527	61,212,886	67,994,685
$ 73,291,774	$ 80,622,976	$ 88,353,581	$ 89,292,626	$ 83,590,513	$ 99,441,114
$ (74,597,648)	$ (70,991,331)	$ (73,319,994)	$ (85,712,354)	$ (101,460,369)	$ (115,200,786)
8,012,000	7,618,704	12,831,831	12,666,050	4,996,510	2,440,557
$ (66,585,648)	$ (63,372,627)	$ (60,488,163)	$ (73,046,304)	$ (96,463,859)	$ (112,760,229)
$ 54,639,637	$ 56,852,372	$ 55,478,487	$ 60,960,971	$ 63,095,966	$ 65,358,260
25,360,411	28,861,624	34,929,500	37,369,199	37,844,425	38,241,424
251,204	302,908	419,080	573,356	734,306	796,281
5,688,313	5,521,016	7,038,300	7,348,496	6,980,835	6,857,969
216,980	322,451	338,037	358,109	376,152	386,420
-	-	-	-	-	1,148,381
1,417,681	114,893	940,523	6,373,438	8,868,651	7,200,890
-	-	-	-	-	349,191
787,908	1,011,374	600,368	841,192	1,338,842	785,250
1,888,815	2,602,600	2,802,185	2,816,837	2,327,040	(1,083,631)
90,250,949	95,589,238	102,546,480	116,641,598	121,566,217	120,040,435
643,619	37,797	469,387	2,973,332	3,931,834	3,439,294
-	-	-	-	-	93,650
380,136	393,688	388,365	264,877	302,290	429,157
(1,888,815)	(2,602,600)	(2,802,185)	(2,816,837)	(2,327,040)	1,083,631
(865,060)	(2,171,115)	(1,944,433)	421,372	1,907,084	5,045,732
$ 89,385,889	$ 93,418,123	$ 100,602,047	$ 117,062,970	$ 123,473,301	$ 125,086,167
$ 15,653,301	$ 24,597,907	$ 29,226,486	$ 30,929,244	$ 20,105,848	$ 4,839,649
7,146,940	5,447,589	10,887,398	13,087,422	6,903,594	7,486,289
$ 22,800,241	$ 30,045,496	$ 40,113,884	$ 44,016,666	$ 27,009,442	$ 12,325,938

Town of Flower Mound, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2016	2017	2018	2019
General fund				
Nonspendable	$ 927,238	$ 604,846	$ 743,791	$ 655,344
Restricted	-	-	-	-
Committed	-	-	-	400,000
Assigned	-	-	2,146,865	3,745,079
Unassigned	15,256,717	16,493,062	16,053,558	16,670,607
Total general fund	$ 16,183,955	$ 17,097,908	$ 18,944,214	$ 21,471,030
All other governmental funds				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	34,876,744	59,384,479	63,258,446	62,512,244
Committed	6,251,679	7,733,984	9,848,445	10,032,496
Unassigned	3,794,488	-	-	-
Total all other governmental funds	$ 44,922,911	$ 67,118,463	$ 73,106,891	$ 72,544,740

2020	2021	2022	2023	2024	2025
$ 654,839	$ 768,565	$ 972,077	$ 1,305,881	$ 1,166,507	$ 1,053,319
-	-	-	-	-	-
800,000	393,870	-	-	-	9,354,963
-	-	-	-	-	-
21,309,816	26,694,568	34,011,095	40,627,948	33,465,024	24,458,870
$ 22,764,655	$ 27,857,003	$ 34,983,172	$ 41,933,829	$ 34,631,531	$ 34,867,152
$ -	$ 1,819	$ -	$ -	$ -	$ 16,980
53,372,864	58,859,863	62,440,369	73,745,513	82,698,570	88,596,247
14,236,071	15,199,428	15,840,913	17,043,168	15,448,541	17,400,703
-	-	-	-	-	(113,961)
$ 67,608,935	$ 74,061,110	$ 78,281,282	$ 90,788,681	$ 98,147,111	$ 105,899,969

Town of Flower Mound, Texas
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year			
	2016	2017	2018	2019
Revenues				
Taxes				
Ad valorem	$ 39,190,207	$ 43,677,863	$ 47,496,936	$ 51,054,324
Sales	21,459,819	23,612,871	24,282,172	25,286,435
Franchise	5,810,149	5,741,937	6,050,502	6,174,213
Alcoholic beverage	210,589	217,777	253,845	245,537
Hotel Occupancy	-	4,151	295,026	348,307
Licenses, permits and fees	2,884,561	4,046,052	4,415,494	3,546,973
Intergovernmental	1,072,176	1,209,747	7,868,976	2,031,979
Impact fees	1,890,116	1,260,099	1,932,157	1,090,371
Charges for services	3,898,400	3,942,536	4,088,750	4,285,285
Fines and forfeits	953,395	1,080,787	1,435,162	1,179,495
Investment earnings	242,860	630,619	1,578,256	2,445,383
Memorials and contributions	1,260,516	1,126,082	69,743	47,018
Other revenue	811,828	864,237	1,072,625	1,129,952
Total revenues	79,684,616	87,414,758	100,839,644	98,865,272
Expenditures				
Current				
Administrative services	5,506,250	5,760,794	5,827,091	5,966,431
Town manager's office	2,750,950	2,896,132	3,175,070	3,210,344
Legislative services	433,984	492,664	480,450	500,810
Development services	1,975,057	2,179,452	2,250,563	1,954,622
Parks & recreation services	14,500,298	12,262,792	14,408,210	10,864,818
Library services	-	-	-	1,822,047
Police services	14,999,695	15,409,491	16,507,737	17,857,411
Financial services	3,319,541	3,408,226	3,326,780	3,664,878
Fire and Emergency services	15,421,455	17,761,446	18,645,235	18,544,641
Communications	883,205	706,255	732,237	720,241
Public works	6,716,275	8,342,275	7,068,851	11,108,493
Environmental services	1,372,669	1,457,040	1,496,868	1,458,742
Capital projects	5,702,293	11,278,456	26,506,531	15,197,860
Debt service				
Principal	6,395,000	6,925,000	9,270,000	9,665,000
Interest and fiscal charges	2,513,803	2,407,368	3,020,353	3,080,152
Total expenditures	82,490,475	91,287,391	112,715,976	105,616,490
Excess of revenues over (under) expenditures	(2,805,859)	(3,872,633)	(11,876,332)	(6,751,218)
Other financing sources (uses)				
Issuance of general debt obligation	3,880,000	22,815,000	16,665,000	6,050,000
Refunded bonds issued	8,525,000	-	-	-
Premium on bonds	1,755,420	2,197,443	1,051,413	873,403
Payment to escrow	(9,653,577)	-	-	-
Subscription financing	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	5,107,928	2,729,452	6,056,482	7,752,977
Transfers out	(3,255,923)	(759,756)	(4,061,829)	(5,960,497)
Total other financing sources (uses)	6,358,848	26,982,139	19,711,066	8,715,883
Net change in fund balances	$ 3,552,989	$ 23,109,506	$ 7,834,734	$ 1,964,665
Debt service as a percentage of noncapital expenditures	16.43%	13.07%	16.74%	16.38%

Fiscal Year					
2020	2021	2022	2023	2024	2025
$ 54,486,676	$ 56,731,921	$ 55,540,258	$ 61,083,420	$ 62,850,756	$ 65,834,115
25,360,411	28,861,624	34,929,500	37,369,199	37,844,425	38,241,424
5,812,400	5,528,461	6,969,049	6,967,883	7,027,506	6,783,537
216,980	322,451	338,037	358,109	376,152	386,420
251,204	302,908	419,080	573,356	734,306	796,281
3,795,581	4,216,966	4,867,549	2,867,077	2,308,251	2,849,915
4,190,250	6,373,688	5,443,094	7,411,457	9,441,650	10,760,844
1,306,334	807,008	1,381,721	713,360	839,379	603,381
3,293,326	4,099,901	4,684,571	5,038,998	5,512,579	5,476,250
789,871	1,136,869	1,310,953	1,448,344	1,905,764	2,532,944
1,229,295	95,903	827,969	5,685,210	7,862,773	6,493,653
48,930	14,954	17,884	78,697	101,363	157,119
859,003	2,815,279	906,184	877,192	1,480,412	786,642
101,640,261	111,307,933	117,635,849	130,472,302	138,285,316	141,702,525
6,396,212	6,197,054	7,144,902	7,761,807	9,959,100	8,074,414
3,431,410	4,249,212	3,733,802	3,261,563	12,069,488	3,284,567
496,250	535,784	513,223	628,400	594,514	566,052
2,075,770	2,162,182	2,212,896	2,390,820	2,924,862	2,849,879
8,718,000	14,837,791	15,585,641	14,073,334	16,878,271	13,088,997
1,774,928	1,967,638	2,086,279	2,183,620	2,571,351	2,466,332
17,563,887	19,299,137	21,254,060	23,080,543	28,217,198	27,690,659
3,719,892	3,732,132	3,683,461	4,136,049	5,008,655	3,399,173
21,543,680	22,695,481	24,386,912	28,679,355	29,345,837	28,753,920
771,160	733,592	724,229	934,575	1,003,021	851,857
10,238,390	9,461,411	11,345,422	13,889,051	15,189,842	8,830,261
1,482,847	1,443,788	1,562,986	1,459,091	1,769,559	1,727,116
17,516,366	3,762,191	4,215,816	2,150,455	7,899,456	26,263,520
8,895,000	8,560,000	7,910,000	8,965,000	9,050,000	11,821,879
3,082,313	2,741,977	2,457,064	409,301	(11,655)	1,671,747
107,706,105	102,379,370	108,816,693	114,002,964	142,469,499	141,340,373
(6,065,844)	8,928,563	8,819,156	16,469,338	(4,184,183)	362,152
-	-	-	-	385,000	7,510,000
3,150,000	-	-	1,640,000	1,955,000	-
494,019	-	-	162,930	42,209	70,841
(3,564,197)	-	-	(1,806,502)	(1,978,800)	-
-	-	-	179,728	1,372,169	48,082
-	-	-	-	-	397,404
10,705,431	4,826,215	5,267,318	5,487,297	4,667,290	1,244,359
(8,361,589)	(2,210,255)	(2,740,133)	(2,674,735)	(2,202,553)	(1,644,359)
2,423,664	2,615,960	2,527,185	2,988,718	4,240,315	7,626,327
$ (3,642,180)	$ 11,544,523	$ 11,346,341	$ 19,458,056	$ 56,132	$ 7,988,479
13.92%	12.92%	11.54%	9.72%	8.19%	11.85%

Town of Flower Mound, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30	Estimated Market Value		Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2016	$ 8,771,603,727	$ 892,336,206	$ 1,013,378,573	$ 8,650,561,360	0.439000
2017	9,495,030,344	1,040,667,578	1,136,774,763	9,398,923,159	0.439000
2018	10,366,832,694	1,127,919,242	1,164,318,055	10,330,433,881	0.439000
2019	11,242,157,569	1,210,276,383	1,277,805,694	11,174,628,258	0.439000
2020	12,106,967,554	1,380,178,587	1,605,022,089	11,882,124,052	0.436500
2021	12,807,404,846	1,586,102,520	1,732,465,003	12,661,042,363	0.436500
2022	13,605,147,766	1,650,071,907	2,022,416,520	13,232,803,153	0.405000
2023	16,744,433,512	1,849,755,687	3,992,290,957	14,601,898,242	0.405000
2024	18,473,301,378	1,399,929,291	4,113,378,814	15,759,851,855	0.387300
2025	20,048,335,714	1,304,070,937	5,456,773,591	15,895,633,060	0.387278

Town of Flower Mound, Texas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

	Town of Flower Mound			Overlapping Rates					
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	Lewisville Independent School District	Argyle Independent School District	Denton Independent School District	Northwest Independent School District	Denton County	Total Direct and Overlapping Rates *
2016	$ 0.331170	$0.107830	$ 0.439000	$ 1.476730	$ 1.570050	$ 1.540000	$ 1.452500	$ 0.262000	$ 2.177730
2017	0.337669	0.101331	0.439000	1.420000	1.570050	1.540000	1.452500	0.248409	2.107409
2018	0.339698	0.099302	0.439000	1.407500	1.585050	1.540000	1.490000	0.237812	2.084312
2019	0.346474	0.092526	0.439000	1.407500	1.585050	1.540000	1.490000	0.225574	2.072074
2020	0.354008	0.082492	0.436500	1.337500	1.508000	1.470000	1.420000	0.225278	1.999278
2021	0.347797	0.088703	0.436500	1.347300	1.418700	1.407600	1.336300	0.224985	2.008785
2022	0.350644	0.054356	0.405000	1.308500	1.400000	1.362000	1.292000	0.233086	1.946586
2023	0.360873	0.044127	0.405000	1.236800	1.397600	1.344600	1.274600	0.217543	1.859343
2024	0.348344	0.038956	0.387300	1.130100	1.212200	1.159200	1.090200	0.189485	1.706885
2025	0.323876	0.063402	0.387278	1.117800	1.209900	1.569000	1.087900	0.187869	1.692947

* Total Direct and Overlapping Rates include Town of Flower Mound, Lewisville Independent School District and Denton County since the majority of property tax payers are in the Lewisville Independent School District. Those who are in the other School Districts total rate will vary accordingly

THE TOWN OF
FLOWER MOUND
TEXAS

Town of Flower Mound, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)

	FY 2024-2025			FY 2015-2016		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
ELAN FLOWER MOUND PHASE II VENTURE LLC	$ 104,922,087	1	0.66%	$ -		-
AVALON LAKESIDE LP	99,000,000	2	0.62%	-		-
WMCi DALLAS I LLC C/O CHRIS TAYLOR	75,400,000	3	0.47%	-		-
DUKE REALTY LP	68,180,960	4	0.43%	-		-
CPF PC RIVERWALK LLC	65,148,457	5	0.41%	-		-
FLOWER MOUND HOSPITAL PARTNERS LLC	64,000,000	6	0.40%	-		-
LIT HW1 LP/LIT LP	62,585,900	7	0.39%	-		-
WOP 301 FLOWER MOUND LLC	57,480,000	8	0.36%	-		-
FFF ENTERPRISES	56,451,827	9	0.36%			
DUKE REALTY, LP	52,409,700	10	0.33%	-		-
Cassar, Rene & Gisele	-		-	62,000,000	1	0.72%
BVMC Flower Mound LLC	-		-	43,424,888	2	0.50%
Best Buy Stores, LP	-		-	42,728,571	3	0.49%
Toll Dallas TX LLC	-		-	42,062,622	4	0.49%
Health Care Reit, Inc	-		-	40,622,429	5	0.47%
CPF PC Riverwalk LLC	-		-	38,128,817	6	0.44%
IVT Highlands at Flower Mound, LP	-		-	32,492,832	7	0.38%
SDCO Highlands Denton County LP	-		-	31,100,000	8	0.36%
Flower Mound Riverwalk Market TX, LP	-		-	29,000,000	9	0.34%
LIT Industrial Texas LTD PS	-		-	28,776,343	10	0.33%
Totals	$ 705,578,931		4.43%	$ 390,336,502		4.52%

Source: Denton Central Appraisal District and Tarrant Appraisal District

Town of Flower Mound, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Adjustments to Levy in Subsequent Years	Adjusted Tax Levy for Fiscal Year
2016	$ 37,680,177	$ 171,636	$ 37,851,813
2017	40,193,742	1,714,884	41,908,626
2018	44,774,562	779,688	45,554,250
2019	48,272,632	897,550	49,170,182
2020	50,877,974	1,212,432	52,090,406
2021	53,789,766	695,704	54,485,470
2022	51,665,191	1,434,439	53,099,630
2023	57,850,495	41,970	57,892,465
2024	61,668,168	(1,299,582)	60,368,586
2025	65,637,636	(1,683,843)	63,953,792

* Collections do not include the County's portion of TIRZ property tax revenue, reported in the TIRZ fund

Source: Denton County Tax Assessor/Collector Office

Collected within the Fiscal Year of the Levy*		Collections in Subsequent	Total Collections to Date	
Amount	Percentage of Levy	Years	Amount	Percentage of Levy
$ 37,654,594	99.48%	$ 175,711	$ 37,830,305	99.94%
41,803,234	99.75%	82,982	41,886,216	99.95%
45,599,813	100.10%	(66,922)	45,532,891	99.95%
49,058,100	99.77%	79,682	49,137,782	99.93%
52,085,844	99.99%	(41,213)	52,044,631	99.91%
54,518,415	100.06%	(70,917)	54,447,498	99.93%
53,077,334	99.96%	(6,112)	53,071,222	99.95%
58,180,476	100.50%	(375,552)	57,804,924	99.85%
60,774,519	100.67%	(499,925)	60,274,594	99.84%
63,649,181	99.52%	-	63,649,181	99.52%

Town of Flower Mound, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

	Governmental Activities			Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	SBITA*	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	SBITA*	Total Primary Government	Percentage of Personal Income **	Per Capita **
2016	$ 45,938,356	$ 20,340,514	$ -	$ 20,054,833	$ 59,557,648	$ -	$ -	$145,891,351	2.84%	$ 2,144
2017	39,712,050	44,112,315	-	25,113,546	58,072,477	-	-	167,010,388	3.10%	2,324
2018	33,065,745	58,507,859	-	21,382,846	59,436,958	-	-	172,393,408	3.08%	2,357
2019	26,706,289	61,381,719	-	17,177,145	80,130,019	-	-	185,395,172	3.12%	2,438
2020	25,030,852	53,505,162	-	14,593,656	84,054,802	-	-	177,184,472	2.80%	2,269
2021	19,751,995	49,389,945	-	12,531,873	88,335,875	-	-	170,009,688	2.47%	2,141
2022	15,244,579	45,164,729	-	10,549,387	92,853,008	-	-	163,811,703	2.20%	2,085
2023	13,365,093	39,013,206	733,603	13,907,154	90,670,630	-	36,059	157,725,745	2.14%	1,973
2024	11,755,824	33,024,606	1,197,863	15,206,729	89,346,415	-	-	150,531,437	1.94%	1,865
2025	6,510,755	33,820,039	694,066	12,771,682	98,846,415	-	40,006	152,682,963	1.91%	1,854

*Subscription-Based Information Technology Arrangements
** Population and Personal Income figures are listed on the Demographic and Economic Statistics

Town of Flower Mound, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Governmental Debt	Business-type Debt	Total Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Total Taxable Assessed Value of Property *	Per Capita **
2016	$ 66,278,870	$ 79,612,481	$ 145,891,351	$ 776,482	$ 145,114,869	1.68%	$ 2,132
2017	83,824,365	83,186,023	167,010,388	951,984	166,058,404	1.77%	2,311
2018	91,573,604	80,819,804	172,393,408	1,127,261	171,266,147	1.66%	2,342
2019	88,088,008	97,307,164	185,395,172	1,290,869	184,104,303	1.65%	2,421
2020	78,536,014	98,648,458	177,184,472	1,499,400	175,685,072	1.57%	2,311
2021	69,141,940	100,867,748	170,009,688	2,264,683	167,745,005	1.32%	2,113
2022	60,409,308	103,402,395	163,811,703	1,354,216	162,457,487	1.23%	2,068
2023	52,378,299	104,577,784	156,956,083	709,997	156,246,086	1.07%	1,955
2024	44,780,430	104,553,144	149,333,574	157,159	149,176,415	0.95%	1,848
2025	40,330,794	111,618,097	151,948,891	587,270	151,361,621	0.95%	1,838

* Value of Property figures are listed on the Assessed Value and Estimated Actual Value of Taxable Property Statistics

** Population figures are listed on the Demographic and Economic Statistics

Data to present total debt outstanding as a percentage of personal income is unavailable.

Town of Flower Mound, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025
(unaudited)

Taxing Body	SBITA*	Bonded Debt**	Percentage of Debt Applicable to Town **	Estimated Share of Direct and Overlapping Debt***
Direct Debt:				
Town of Flower Mound	$ 734,072	$ 40,330,794	100.00%	$ 41,064,866
Total Direct Debt	734,072	40,330,794		41,064,866
Overlapping Debt:				
Argyle Independent School District		670,626,909	18.56%	124,468,354
Denton County		721,100,000	9.22%	66,485,420
Denton Independent School District		2,408,300,000	0.13%	3,130,790
Grapevine-Colleyville ISD		302,425,000	0.01%	30,243
Lewisville Independent School District		1,545,585,000	26.39%	407,879,882
Northwest Independent School District		2,988,390,000	0.27%	8,068,653
Tarrant County		314,050,000	0.19%	596,695
Tarrant County College District		547,535,000	0.19%	1,040,317
Tarrant County Hospital District		431,255,000	0.19%	819,385
Total Overlapping Debt	-	9,929,266,909		612,519,739
Total Direct and Overlapping Debt	$ 734,072	$ 9,969,597,703		$ 653,584,605

*Subscription-Based Information Technology Arrangements

** Source: Texas Municipal Reports, Compiled and Published by Municipal Advisory Council of Texas

*** The Town of Flower Mound's total bonded debt is $151,948,891 with $115,530,091 in tax supported debt which is funded by the revenues of the Utility System, the Town's Community Development Corporation and Tax Increment Reinvestment Zone (TIRZ), that the Town has elected to pay from System Net Revenues. The Town may change this policy at any time. This debt service is not included in any coverage calculation and is not subject to the Reserve Fund Requirement.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Flower Mound. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Flower Mound, Texas
Legal Debt Margin Information
(unaudited)

The Town of Flower Mound operates under a Home Rule Charter as authorized by Article XI, Section 5 of the Texas Constitution. Accordingly, the Town is not limited by the law in the amount of debt it may issue.

Article IX, Section 9.15 of the Home Rule Charter of the Town of Flower Mound provides that:

> The Town Council shall have the power under the provisions of the State Law to levy, assess and collect an annual tax upon real and personal property within the Town to the maximum provided by the Constitution and General Laws of the State of Texas.

Under the Texas Constitution, the Town is limited to a total tax rate of $2.50 per $100 of assessed valuation for all Town purposes, including payment of principal and interest on general obligation debt, and operations of the General Fund.

The Town of Flower Mound ad valorem tax rate for all purposes at September 30, 2025, was $.3873 per $100 of assessed valuation with taxable property assessed at 100% of market value.

Town of Flower Mound, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(unaudited)

	Water and Wastewater Bonds					
Fiscal Year	Total Revenue Available*	Less: Operating Expenses**	Net Available Revenue	Average Debt Service Principal	Average Debt Service Interest	Coverage
2016	$ 41,960,681	$ 32,005,631	$ 9,955,050	$ - ***	$ -	N/A
2017	44,497,536	29,347,879	15,149,657	- ***	-	N/A
2018	49,172,947	32,226,278	16,946,669	- ***	-	N/A
2019	45,277,974	31,887,610	13,390,364	- ***	-	N/A
2020	49,891,652	33,799,148	16,092,504	- ***	-	N/A
2021	50,286,024	34,879,896	15,406,128	- ***	-	N/A
2022	58,439,148	37,507,374	20,931,774	- ***	-	N/A
2023	62,549,268	37,211,988	25,337,280	- ***	-	N/A
2024	62,409,767	41,100,758	21,309,009	- ***	-	N/A
2025	65,400,414	49,355,282	16,045,132	- ***	-	N/A

* Total Revenue Available excludes stormwater drainage revenues.

** Operating Expenses include only water and wastewater expenses.

*** The outstanding revenue debt was refunded in March 2016 with General Obligation Refunding Bonds, Series 2016.

Town of Flower Mound, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population *	Personal Income **	Per Capita Personal Income (Denton County) ***	Median Age **	School Enrollment	Unemployment Rate ****
2016	68,050	-	$ 51,332	-	16,680	3.40%
2017	71,850	-	53,948	-	16,618	2.80%
2018	73,130	-	55,933	-	16,490	2.70%
2019	76,030	-	59,414	-	16,510	2.60%
2020	78,080	-	63,283	-	16,055	4.50%
2021	79,390	-	68,773	-	16,225	3.00%
2022	78,570	-	74,412	-	16,177	2.70%
2023	79,930	-	73,537	-	16,149	3.20%
2024	80,707	-	77,733	-	16,976	3.40%
2025	82,344	-	80,108	-	16,606	3.60%

* Source: North Texas Council of Governments

** Personal Income and Median Age are only available in census years.

Source: United States Census Bureau, Applied Geographical Solutions

*** Source: Bureau of Economic Analysis

**** Texas Workforce Commission

Town of Flower Mound, Texas
Principal Employers
Current Year and Nine Years Ago
(unaudited)

	2025			2016		
Employer	**Employees**	**Rank**	**Percentage of Total Town Employment**	**Employees**	**Rank**	**Percentage of Total Town Employment**
Communication Test Design, Inc. (CTDI)	1,271	1	3.03%	560	4	1.46%
MI Windows & Doors	771	2	1.84%	600	3	1.56%
Texas Health Presbyterian Hospital Flower Mound	750	3	1.79%	605	2	1.57%
Town of Flower Mound	738	4	1.76%	475	5	1.23%
Stryker Communications	480	5	1.14%	315	6	0.82%
HD Supply	300	6	0.71%	240	7	0.62%
Best Buy Distribution & Service Center	200	7	0.48%	185	9	0.48%
BOHM Technologies	160	8	0.38%	-		-
Likewize	120	9	0.29%	-		-
Owens & Minor	114	10	0.27%	-		-
Lewisville Independent School District	-	-	-	1,825	1	4.74%
KeHE (formerly Nature's Best)	-	-	-	200	8	0.52%
CustomInk	-	-	-	160	10	0.42%
Totals	4,904		11.69%	5,165		13.43%

Source: Town Economic Development Division

Town of Flower Mound, Texas
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years
(unaudited)

	Full-time Equivalent Employees as of September 30									
	2016	**2017**	**2018**	**2019***	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Function										
Administrative services	29.00	30.00	30.00	31.00	30.00	31.00	31.00	31.00	33.00	34.00
Communications	6.00	7.00	7.00	7.00	7.50	7.50	7.50	8.00	8.00	8.00
Community services	113.75	115.50	117.50	-	-	-	-	-	-	-
Parks & Recreation Services	-	-	-	99.25	99.25	99.25	101.00	102.00	103.25	105.25
Library Services	-	-	-	21.00	21.00	23.00	23.00	23.50	23.75	24.25
Development services	31.50	33.50	33.25	23.00	23.00	23.00	23.00	23.00	24.00	24.00
Environmental services	16.00	17.50	17.50	16.50	16.50	16.50	16.50	17.00	17.00	18.00
Financial services	37.50	37.50	37.50	37.50	37.50	37.50	37.50	38.50	40.50	40.50
Fire and emergency services	114.50	114.50	115.00	116.00	131.00	132.00	138.50	141.50	142.00	148.00
Legislative services	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Police services	148.50	150.50	140.50	151.00	169.75	169.75	173.75	174.50	178.50	181.00
Public works	96.50	98.00	98.75	113.50	113.50	114.50	120.50	121.50	122.50	131.50
Town manager's office	5.50	5.50	6.50	6.50	6.50	6.50	7.50	9.50	9.50	10.50
Total	602.75	613.50	607.50	626.25	659.50	664.50	683.75	694.00	706.00	729.00

Source: Town Financial Services Department

*Effective fiscal year ending September 30, 2019, Community Services was split into Parks and Recreation Services and Library Services.

Town of Flower Mound, Texas
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

	Fiscal Year			
	2016	**2017**	**2018**	**2019***
Function				
Development services				
New residential building permits issued	350	448	592	500
Value	$ 167,205,907	$ 205,903,096	$ 257,252,261	$ 156,432,776
New commercial building permits issued	74	62	35	46
Value	$ 187,454,584	$ 118,872,009	$ 68,624,239	$ 74,466,756
Financial services				
Average daily consumption (gallons)	11,839,381	12,168,768	13,527,951	10,318,256
Water customers	23,326	23,845	24,443	24,977
Sewer customers	20,385	20,845	21,375	21,883

Source: Town Development Services Department and Financial Services Department
* Values reflect amounts as of June 30, 2019. Due to HB 852, Permit values are no longer obtained during the permit process.

Fiscal Year						
2020	2021	2022	2023	2024	2025	
423	458	396	117	84	84	
$ -	$ -	$ -	$ -	$ -	$ -	
59	12	32	13	19	18	
$ -	$ -	$ -	$ -	$ -	$ -	
12,393,690	11,915,782	14,410,953	14,596,442	13,326,372	13,438,211	
25,391	25,896	26,222	26,367	26,465	26,537	
22,246	22,651	22,901	23,017	23,100	23,148	

Town of Flower Mound, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Function										
Community services										
Parks acreage	940	888*	888	983**	983	991	997	997	997	1,001
Parks	54	55	55	56	56	56	57	57	57	59
Financial services										
Water mains (miles)	437	448	454	462	467	477	487	484	487	490
Fire and Emergency services										
Fire stations	5	6	6	6	6	7	7	7	7	7
Fire hydrants	3,819	3,946	4,061	4,184	4,288	4,381	4,468	4,497	4,603	4,686
Infrastructure services										
Improved streets (miles)	408	415	415	418	419	422	424	423	453	422
Unimproved streets (miles)	8	8	8	9	10	8	8	8	1	7
Storm sewers (miles)	160	164	164	164	166	169	171	173	174	176

* Parks acreage includes long-term leased land from the Corp of Engineer for Twin Coves park.
Twin Coves Park acreage was updated to reflect most recent data from GIS

** Parks acreage reflects the most updated information from Parks and GIS and includes all named parks, greenbelts, open space, COE leases, and LISD property that the Town uses and maintains.

Source: Town Departments

Town of Flower Mound, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Passed through from				
Texas A&M Forest Service				
Cooperative Forestry Assistance	10.664	CO-24-161	$ -	$ 10,000
Total Department of Agriculture			**-**	**10,000**
Department of Housing and Urban Development				
Direct Program				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		-	212,479
Total CDBG – Entitlement Grants Cluster			-	212,479
Total Department of Housing and Urban Development			**-**	**212,479**
Department of Interior				
Passed through from				
Texas Parks and Wildlife Department				
Outdoor Recreation Acquisition, Development, and Planning	15.916	P22AP02038-00, 48-01224	-	417,453
Total Department of Interior			**-**	**417,453**
Department of Justice				
Direct Programs				
Bulletproof Vest Partnership Program	16.607		-	23,109
Equitable Sharing Program	16.922		-	661,317
Total Department of Justice			**-**	**684,426**
Department of Treasury				
Direct Program				
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		-	1,148,381
Total Department of Treasury			**-**	**1,148,381**
Department of Energy				
Direct Program				
Energy Efficiency And Conservation Block Grant Program (EECBG)	81.128		-	27,798
Total Department of Energy			**-**	**27,798**
Total Federal Awards Expended			**$ -**	**$ 2,500,537**

The accompanying notes are an integral part of this Schedule.

Town of Flower Mound, Texas
Schedule of Expenditures of State Awards
Year Ended September 30, 2025

Program Title	Contract Number	Provided to Subrecipients	Total State Expenditures
Texas Commission on the Arts			
Direct Program			
Commission Initiative	77762703, 77764091	$ -	$ 1,754,869
Total Texas Commission on the Arts		**-**	**1,754,869**
Total State Awards Expended		**$ -**	**$ 1,754,869**

The accompanying notes are an integral part of this Schedule.

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (Schedules) include the federal and state award activity of the Town of Flower Mound, Texas (Town) under programs of the federal and state government for the year ended September 30, 2025. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards (TxGMS). Because the Schedules present only a selected portion of the operations of the Town, they are not intended to and do not present the financial position, changes in net position/fund balance, or cash flows of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and TxGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Town has not elected to use the de minimis indirect cost rate allowed under the Uniform Guidance and TxGMS.

Note 4. Commission Initiative

In fiscal year 2025, the Texas Commission on the Arts approved $1,753,469 in eligible expenditures that was incurred in the prior fiscal year and is included in the schedule of expenditures of state awards.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor, Members of Town Council,
and Town Manager
Town of Flower Mound, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Flower Mound, Texas (Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 11, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Dallas, Texas
March 11, 2026

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Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Honorable Mayor, Members of Town Council,
and Town Manager
Town of Flower Mound, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Town of Flower Mound, Texas' (Town) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the Town's major federal and state programs for the year ended September 30, 2025. The Town's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and TxGMS. Our responsibilities under those standards, the Uniform Guidance, and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Forvis Mazars, LLP

Dallas, Texas
March 11, 2026

Town of Flower Mound, Texas
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☐ Yes	☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal and State Awards

4. Internal control over the major federal and state programs:

Material weakness(es) identified?	☐ Yes	☒ No
Significant deficiency(ies) identified?	☐ Yes	☒ None reported

5. Type of auditor's report issued on compliance for the major federal and state programs:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a) or TxGMS?

   ☐ Yes ☒ No

7. Identification of the major federal and state programs:

Federal Award	**Assistance Listing Number**	**Name of Federal Program**
	21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

State Award	**Contract Number**	**Name of State Program**
	77762703, 77764091	Commission Initiative

8. Dollar threshold used to distinguish between Type A and Type B programs: $1,000,000.

9. Federal Awards – Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal and State Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Town of Flower Mound, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025

Reference Number	Summary of Finding	Status
	No matters are reportable.	